SYED HUSSEIN ALATAS

THE PROBLEM OF CORRUPTION

With a new Foreword by
Syed Farid Alatas

The Problem of Corruption

by

Professor Syed Hussein Alatas

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First published 1968 under the title
The Sociology of Corruption
Donald Moore Press Ltd, Singapore

This revised edition 2015
The Other Press Sdn. Bhd.
607 Mutiara Majestic
Jalan Othman
46000 Petaling Jaya
Selangor, Malaysia
www.ibtbooks.com

The Other Press is affiliated with Islamic Book Trust.

Perpustakaan Negara Malaysia Cataloguing-in-Publication Data

Alatas, Syed Hussein, 1928-2007

The Problem of Corruption / Syed Hussein Alatas.

Includes index

Bibliography: p. 149

ISBN 978-983-9541-97-7

1. Political corruption—Asia. I. Title.

320.95

Printed by

Academe Art & Printing Services Sdn. Bhd.

No. 7, Jalan Rajawali 1A

Bandar Baru Puchong

Batu 8, Jalan Puchong

47100 Selangor

To Abu Dhar al-Ghifari (d. 653 AD), who valiantly fought against corruption and died lonely in exile in the desert of Rabadha. The fountain of his spirit continues to gush forth the call for justice, waiting for it to become a powerful river in a world scorched by injustice and oppression. Those who die for a cause awaken to life the dead among the living.

Man is free than he is commonly thought to be. He is greatly dependent upon the environment, but not to the degree of being subjugated to it. The greater part of our destiny lies in our handsâ€”provided we understand this and do not let it go. Comprehending this, people however permit the environment to coerce and drag them on against their will. They renounce their self-sufficiency and, never relying on themselves, but on the environment alone, strengthen the ties linking them with it more and more. They expect that all the good and the evil of life will come from it, and depend least of all upon themselves. With such childish obedience, the fateful power of the external becomes irresistible. To engage in struggle with it seems insanity.

Alexander Herzen (1812-1870), Russian writer and revolutionary thinker. â€˜From the Other Shoreâ€™, in Selected Philosophical Works.

Foreword to this Edition

Part One of this book was published more than forty years ago under the title of The Sociology of Corruption.[1] It remains as relevant today as it was four decades ago. This is testimony to the sharp mind and passionate scholarship of the author, Syed Hussein Alatas, who took an interest in the phenomenon of corruption since his student days and tirelessly spoke and wrote about the problem throughout his life. On the other hand, the continuing relevance of this work is also cause for sadness. It is sad that the work is not obsolete, that still explains our problems today.

Corruption is a phenomenon that is found everywhere, in developed as well as underdeveloped nations. However, its nature, causes and functions differ from country to country. Following World War II and formal independence, many

governments in developing countries began to involve themselves directly in business. This went beyond their regulatory and infrastructural roles. These governments became directly involved in the process of capital accumulation through the establishment of state-owned enterprises and financial institutions. In many cases, such as in Malaysia, ruling political parties became major owners of and investors in businesses and properties. These parties were able to acquire the means to buy, own and manage major concerns. Another aspect of the governmentâ€™s involvement in business is the ownership in the corporate sector by major political personalities by virtue of their position in or connections with government. This may or may not be due to nepotism. The group of capitalists that had evolved this way came to be known in Indonesia as client businessmen, but the term applies equally to other countries in the developing world.

Each of these aspects of the governmentâ€™s role in business has specific effects on development. State-ownership of enterprises and the role played by bureaucratic elites in these enterprises can be very important and beneficial to society, especially when these enterprises are monopolies that are deemed to be more efficient, cost-effective, and easier to control. But government involvement in business in terms of the role of political parties and client businessmen is potentially damaging to the economy because very often those who obtain rights, licenses, franchises, and the like are neither qualified nor competent in business. Patronage represents a major means by which such businessmen join the ranks of the economic elite. The disadvantage of this is that major corporations that are established through patronage or through political party connections are not up to standard as far as efficiency, technical know-how, and entrepreneurship are concerned. In this sense, the role of the government in development is negative. This is where corruption comes in. Politicians and civil servants often function to advance their own private interests in co-operation with capitalists in the private sector.

Syed Hussein Alatas defines corruption as the â€œsubordination of public interests to private aims involving a violation of the norms of duty and welfare, accompanied by secrecy, betrayal, deception and a callous disregard for any consequence suffered by the publicâ€ .2 The three types of corruption commonly referred to are bribery or the acceptance of gifts by an official in return for granting special consideration to the interests of the donor, nepotism or the appointment of relatives, friends, and political associates to public offices regardless of the merits and consequences upon public, and extortion or the demand for gifts in return for the execution of public duties. In carrying out their public functions, state officials are in a position to advance their private interests, especially their material interests. Corruptors extend various forms of favours to private capitalists that encompass incentives, licensing, protectionism, funding from state banks, concessions, and joint-ventures. The relationship between the corrupt official and capitalist is one between patron and client. This is a special relation between a politically powerful patron and client who needs his/her protection due to the inadequacies of the formal economic institutions.

Corruption is found in all states but not all states are dominated by corruption. The type of state dominated by corruption can be referred to as a kleptocracy. The term kleptocracy was first used by the sociologist S. Andreski to describe the corrupt state in Africa and Latin America.3 The term is derived from the words â€œklepto-â€ (thief) and â€œ-cracyâ€ (rule). A kleptocracy is a state dominated by kleptocrats who engage in corruption as a major, if not principle, means of capital accumulation. The key kleptocrats are not mid-level and low-level civil servants who extort or accept bribes to make a living but high-level politicians and bureaucrats who engage in corrupt activities as means of accumulating capital. This state of affairs is so pervasive in many countries in Asia, Africa and Latin America that it warrants our recognition of the existence of the kleptocratic state. The kleptocratic state is one which serves mainly the private interests of its politicians and bureaucrats.

The kleptocratic state is one which is dominated by kleptocrats as elites and state functionaries. These elites and functionaries are involved in several of the distinct types of corruption as listed by Alatas in his 1990 book, Corruption: Its Nature, Causes and Functions.4 These are transactive, extortive, investive, autogenic and supportive corruption. Each type of corruption which involves a mutual arrangement between donor and recipient, would involve high-level government officials, and party, military and bureaucratic elites on the side of the state, and corporate and landowning elites on the side of the public. Investive corruption which refers to the offer of goods and services in anticipation of a future return of the favour is common practice among elites in the executive and bureaucracy of the state where they are in a position to offer, say import licenses to undeserving businessmen in return for the possibility of a position in the company after retirement from political office. Supportive corruption refers to corrupt acts which seek to protect and strengthen the various other types of corruption that exist. It is engaged in by various types of state elites to block or restrict capable and honest people from occupying strategic positions in government.

Corruption as a means of capital accumulation, therefore, does not merely involve the raiding of state treasuries but is interwoven with other practices that have become institutionalised in many developing societies. These practices include patronage, personal rulership and a host of illegal means of the pursuit of returns to factors of production that are in strictly limited supply. There is no internalization of the norm of the separation of public and private interests. Furthermore, private capital is weak and dependent upon state patronage. Such states are kleptocracies to the extent that money politics and clientelism involve corruption. Corruption becomes a major means of capital accumulation. The kleptocratic state comes into being when there is hardly anything that one can do in dealing with the state that does not involve corruption. It is true that the phenomenon of corruption is not confined to developing societies. But, kleptocracies, that is, states in which corruption is a major means of capital accumulation, are more a feature of developing rather than developed societies.

The current discussions in Malaysia on the need to eradicate corruption must also involve the education of the public about the impact of corruption. Eradication of corruption is not only a matter of law enforcement but also public abhorrence and abstention from corrupt practices. The education of the public on the impact of corruption on society requires, in turn, more research on the phenomenon.

What is needed from academics, journalists, intellectuals and activists are not just studies that seek to understand the nature and characteristics of the corrupt state or kleptocracy, but also research on the differential effects on development of the various types of corruption. Corruption has negative effects on the efficiency, morale, effectiveness, authority, and goals of individual organizations of the state. These work to jeopardize, thwart, or halt meaningful development by way of loss of government revenues, policy distortions, and so on. More work on the sphere of corrupt practices, the types of corruption involved and the effects on development is needed.

The pervasiveness of corruption also undermines our efforts to develop a matured democracy in Malaysia. Formally speaking, a democratic political system generally refers to one in which the posts of the executive are elective and members of political parties are elected to representative bodies such as parliament. Furthermore, in a democratic system there is a separation of powers such that the executive itself is subject to the law. Perhaps a central feature of a democracy is the prominence of interest and pressure groups which seek to influence public policy by way of working closely with and on legislators. Democracy in the formal sense of the term had been in place in Malaysia since independence from the British in 1957. Some had referred to the political system in Malaysia as a quasi or semi-democracy because of the presence of certain anti-democratic elements such as the abolishment of local-level polls and the Internal Security Act (ISA) that was in place for decades. Nevertheless, apart from a brief interregnum of nondemocratic rule from 1969 to 1971 after racial rioting broke out, Malaysia has enjoyed eight general elections, changes in heads of government, and a certain

degree of freedom of expression that has even increased in the last few years.

But, democratic states are no less prone to corruption than other types of states. The democratic state claims that it acts in the interests of the members of society. Given the diversity of interests in society, the state is unable to reflect the interests of all its members. Instead, the state mediates between different groups and divisions which results in all divisions and groups having an impact on public policy but with no one dominating. The state would have us believe that the members of the various divisions and groups in society convey their political ideas and grievances to the state by way of political parties and interest groups. Political parties compete among themselves for office and provide a range of choices to the electorate. While political parties seek to obtain power and form a government, interest or pressure groups seek to influence political parties and the government with regard to the specific interests that they claim to represent. The claim is that no one type of interests dominates decision making. For example, the Malaysian government would claim that it rules impartially for the benefit of the rakyat regardless of religion, race or class. The reality, however, is different.

The issue of the abuse of power by public servants or corruption had become more important in public discourse during the last few years. Part of the reason is that the current government, under the leadership of Datoâ€™ Sri Najib Razak, had embarked on a widely publicised campaign against corruption, resulting in several arrests and prosecutions. Democracy has played a role in the attention that the government is giving to corruption. The General Election of 2008 functioned as a wake-up call to the government that they had lost the support of great numbers of Malaysians. At the same time, the Malaysian democratic culture received a boost under the Prime Ministership of Tun Abdullah Ahmad Badawi, who allowed for a more open media and critical public discourse. The gradually changing political culture of the country has resulted in the emergence of an opposition coalition that is seen to be a serious threat to the Barisan

Nasionalâ€™s hold on power, as can be seen from the results of the General Elections of May 2013.

A complete transition to genuine democracy, a system that is founded not just on the formal trappings of the democratic system such as regular elections, but one based on a culture that values and respects diversity and the rules of democratic procedures, is difficult to imagine for Malaysia. This would require fundamental changes in the political culture, economy, and politics of the country. What we have witnessed thus far are tendencies that create enclaves of democracy within the country which may help to socialize men and women to life in a society that is more tolerant of differences and, therefore, freer.

The greatest threat to the development of democracy in Malaysia is kleptocracy. Malaysians do not want a government filled with those who use their office to seek status and personal gain at the expense of the governed. At a forum entitled â€œEradicating Grand Corruption: How Successful Have We Been?â€ (November 26, 2012), organised by the Institute for Democracy and Economic Affairs (IDEAS) and hosted by the Malaysian Anti-Corruption Academy (MACC), I suggested that Malaysia may descend into kleptocratic rule if steps are not taken to minimise the rate of high level or grand corruption in the country.5 In Malaysia, corruption is not a random or occasional occurrence but tends to be systemic and cuts across authoritarian and democratic regimes. Kleptocrats are usually not merely mid-level officials who extort money or receive bribes as a means to make ends meet, but high-ranking officials and top-level politicians who engage in corrupt acts to do business and accumulate wealth. The question for Malaysians is whether we are a country in which corruption is the dominant means of doing business and can be referred to as the fifth factor of production. To the extent that kleptocratic rule develops and expands, whatever genuine democratic forces there are will recede into the background. This is because the kind of democracy that is based on good governance and accountability to the people is antithetical to the interests of the kleptocrats. At most, a formal and limited form of democracy will survive.

The fourteenth century Muslim social theorist, Abdul Rahman Ibn Khaldun made an interesting observation of the state. This was based on his study of West Asian and North African polities as well as his experience with the vicissitudes of political life. He said â€œ[g]overnment decisions are as a rule unjust, because pure justice is found only in the legal caliphate that lasted only a short whileâ€ .6 This injustice is to be understood in a more general sense than as the confiscation of property and money. It includes forced labor, the imposition of duties not required by Islamic law, the collection of unjustified taxes and so on.7

Writing more than five hundred years later, the Spanish philosopher and an intellectual leader of the Spanish Republican government, JosÃ© Ortega y Gasset wrote in a chapter entitled â€œThe Greatest Danger, the Stateâ€ that state intervention is â€œthe greatest danger that threatens civilizationâ€ .8 Drawing on the experience of Europe, Ortega explained that at the end of the eighteenth century the state was a very small affair. As far as public order and administration were concerned the state was weak. However, the disproportion between state and social power was addressed by the nineteenth century when the state became a formidable machine and the threat to civilization became state intervention, the enslavement of society, and the bureaucratization of human existence.9 With the creation of a new type of man, the industrial worker, an increase in criminality in Europe led to the rise of the strengthening of public authority. But, it was this very strengthening of public authority which made the state dangerous. Ortega warned that it was â€œ[f]oolish for the party of â€œlaw and orderâ€ to imagine that these â€œforces of public authorityâ€ created to preserve order are always going to be content to preserve the order that the party desires. Inevitably they will end by themselves defining and deciding on the order they are going to imposeâ€”which, naturally, will be that which suits them bestâ€ .10

Malaysians want a strong state that can establish and maintain public order and run an efficient administration. But we do not want a dangerous state, one with disproportionate power such that its intervention results in rule by thieves. The Problem of Corruption is a contribution to the empowering of intellectuals and activists who wish to weed out the kleptocrats from our system.

Kuala Lumpur

December 2014

1. Syed Hussein Alatas, The Sociology of Corruption: The Nature, Function, Causes and Prevention of Corruption, Donald Moore, Singapore, 1968. Parts Two and Three were later added to Part One and published in 1986 as The Problem of Corruption. See Syed Hussein Alatas, The Problem of Corruption, Times Books International, Singapore, 1986. The foreword by Harold Lasswell appeared in the 1968 edition.

2. See below, p. 9.

3. S. Andreski, Parasitism and Subversion: The Case of Latin America, Weidenfeld & Nicolson, London,1966; S. Andreski, â€œKleptocracy as a System of Government in Africaâ€ , in Arnold J. Heidenheimer, ed., Political Corruption: Readings in Comparative Analysis, Reinhart & Winston, New York, 1970, pp. 346-357.

4. Syed Hussein Alatas, Corruption: Its Nature, Causes and Functions, Avebury Press, Aldershot, 1990.

5. See Ramon Navaratnam, â€œIs Malaysia a Kleptocracyâ€ , The Malay Mail, December 5, 2012, Kuala Lumpur.

6. Ibn Khaldun, The Muqaddimah: An Introduction to History, 3 Vols., translated from the Arabic by Franz Rosenthal, Routledge & Kegan Paul, London & Henley, 1967, vol. II, p. 285. For the Arabic original see Ibn Khaldun, â€˜Abd al-Rahman, Al-Muqaddimah, 5 Vols., â€˜Abd al-Salam al-

Shaddadi [Abdesselam Cheddadi], Bayt al-Funun wa-l-â€˜Ulum wa-l-Adab, Casablanca, 2005, vol. II, p. 221.

7. Ibn Khaldun, op. cit., vol. II, pp. 106-107. For the Arabic original see, Ibn Khaldun, op. cit., vol. II, p. 84.

8. JosÃ© Ortega y Gasset, The Revolt of the Masses, W.W.Norton & Co., New York, 1932, p. 120.

9. Ibid., pp. 117-121.

10. Ibid., p. 123.

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Foreword

Few short treatises can be more timely than this exemplary sketch of the problem of corruption. Disproportionate emphasis has been put in recent years on the technological, scientific and economic dimensions of social change, with insufficient treatment of the many other value-institution features inseparable from the processes involved. Not the least of these neglected aspects is corruption, a complex and pervasive phenomenon to be differentiated from criminality, for example, and other closely connected but distinctive patterns of organized and unorganized behaviour.

Professor Alatas has deflated a great many hypotheses that have been put forward to account for some of the corruption that has so often appeared during the years of transition from a â€˜traditionalâ€™ society. Intimately informed as a scholar and a participant of the details of many cultures, notably those in Southern and Eastern Asia, the author has, for instance, quietly challenged the supposed impact of the â€˜giftâ€™ as a traditional cultural practice whose predisposing effect has been to further a contemporary sub-culture of corruption. He has successfully dealt with one of the most commonly mentioned consequences that is often alleged to justify the policies of

toleration on the part of those who influence official and private acquiescence in corrupt acts. Professor Alatas spells out with great lucidity the definitional distinctions and the kinds of historical and contemporary data that must be brought into the analysis before credence can be given to the suggestion.

This temperate, scholarly and acute analysis is a prologue to what I hope will be a new burst of scientific, scholarly and policy-oriented effort to bring our understanding of corruption to the level that has been attained in the study of some other social manifestations. The approach is eminently sound because it is thoroughly contextual. Professor Alatas makes it unmistakably clear that the phenomenon in question can only be grasped when it is explicitly related to the cultural setting where it appears and with which it continually interacts.

Only the most superficial mind could be satisfied with reflecting that the â€˜corruptâ€™ like the â€˜poorâ€™ are always with us, and that nothing new can be learned by exploring the form and magnitude of corruption in any specific nation or locality. On the contrary, significant dimensions are only revealed when it is possible to identify the particular constellation of factors present in a given place at a definite time, and to ascertain their relative weight in stimulating or inhibiting corruption.

Without going further in underlining the importance of the present topic or its treatment, let me add my voice to those who will perceive in this discussion a fresh start in comprehending and contributing to the eventual control of one of the most recalcitrant characteristics of public and private life of yesterday or today anywhere in the community of man.

by Harold D. Lasswell

Edward J. Phelps Professor of Law and Political Science, New Haven, Connecticut, U.S.A.

Preface

The first published edition, comprising the first part of this book, was originally a paper submitted to the 27th World Congress of Orientalists, Ann Arbor, Michigan, USA, in August 1967. Only the abstract was published in its proceedings. However, eleven years earlier, my interest in writing on corruption had started as part of a general appraisal of the fundamental problems generated by colonialism.1 A few years later, my contribution on corruption appeared in a Singapore daily.2 Here I stressed amongst others that the integrity of an official must be considered as an absolute condition to qualify him for a job, for efficiency alone does not ensure against corruption; that the state should emphasize the moral factor in its education policy; that the state should consider religion as an ally in the fight against corruption; that sound social, political and economic planning be introduced.

The attempt to eliminate corruption must be based on taking into account human behaviour in its totality. Legal and administrative measures are not sufficient in themselves. Behind this, there must be a strong climate of opinion nurturing the sense of rectitude of such a strength that the ruling class becomes imbued by it. The absence of such a climate creates a situation prevailing in the developing societies, poignantly described by a Pakistani Minister of Justice and Parliamentary Affairs. Injustice and exploitation have prevailed for centuries. Touching on the tragic aspect of the prevailing system and society, he regretted that people had adopted false standards of distinction. Ill-gotten wealth had become the criterion of status and respectability. The younger generation in urban centres were worried about their future. Even legislation could not respond to the sense of anguish of human beings battered by such a system.3

The society alluded to above is one which has been invaded by what I have suggested should be called â€˜tidal corruptionâ€™. This is one in which the entire life is dominated by corruption. From top to bottom, government machinery is seriously infected by corruption. We are not talking of pockets of corruption here and there that exist in all societies. We are talking about the entire system of administration dominated by corruption entering into all levels

of the decision-making process seriously affecting peopleâ€™s lives.4 It is this kind of corruption, total corruption that grips a social order, that is the theme of this book.

Corruption is a highly complex phenomenon. It would not be possible to treat adequately its major features in a single book. Each scholar would have to make the selection he considers urgent and significant. Continuous research is necessary. In 1982-1983, I was awarded a fellowship by the Woodrow Wilson International Centre for Scholars, Washington D.C. There I completed a book on a general theoretical and historical study of corruption in human society delving into areas not covered by the present book. The two complement each other. It dawns on me that more books should have been written on numerous other aspects of corruption. The material is inexhaustible. However, the need remains for a concise introductory treatment of the subject as presented in this book.

Regarding the content of the present edition, Parts Two and Three together with the Appendices and more bibliography, are new additions. I would like to thank the Wilson Centre for a substantial portion of Part Two which was originally published by it as an occasional paper, delivered at its colloquium on June 22, 1983. I would also like to express my regret that this time I was not able to gain from the advice of Professor Harold D. Lasswell since he has long passed away. His Foreword is for the first part of this book. Had he been alive, I am sure his suggestions would have been of great benefit.

Finally, I wish to express my appreciation here for the staff of the National University of Singapore Library, for their kind and efficient assistance, not only for the preparation of this book but for all the others I am engaged in.

Prof. Syed Hussein Alatas

1. Syed Hussein Alatas, â€˜Some Fundamental Problems of Colonialismâ€™. Eastern World, November 1956, London.

2. Syed Hussein Alatas, â€˜The Effects of Corruptionâ€™. Singapore Tiger Standard, February 28, 1957, Singapore.

3. The Pakistan Times Overseas Weekly, August 17, 1986. Iqbal Ahmed Khan in a speech at the launching ceremony of an Urdu book by Zahid Hassan Chughtai.

4. See Appendix D, The Asian Wall Street Journal, February 25, 1981, Hong Kong.

Part One

The Sociology of Corruption

Anyone attempting a sociological analysis of corruption will eventually be confronted by a methodological problem. Accepted and generally applied methods of social research such as the interview, the questionnaire and statistical analysis cannot be applied here as long as corruption is considered as a shady transaction. The most that a sociologist can do is to observe the phenomenon and its effects and to gather as much confidential information as possible. Even public disclosures of corruption, such as those accompanying a fallen regime, do not reveal as much as there is to be revealed.

The sociologist studying the phenomenon of corruption has to be fully conversant with the history, the culture, the language and the circumstances of at least one rich and complex instance from which he can derive his data and test his theories. Without background knowledge, it is hardly possible to offer any fruitful insight beyond that which is obvious. Similarly, without a continuous sustained observation of the phenomenon over a long period, it is almost impossible to test the validity of certain generalizations on the nature and function of corruption.

A number of scholars who have treated the subject in some professional journals have done so as a sideline of their main interests. They did not keep a close watch on the phenomenon within a given country, selected as the concrete case, over a period of about ten or twenty years. The full cycle of corruption requires time to develop before its manifold ramifications can be observed. More than twenty years ago, Indonesia was already bogged down by corruption at all

levels. It was firmly entrenched and received tacit protection from those in power, even though there was some public agitation against it. After the unsuccessful 30 September 1965 communist attempt to seize power, followed by the rise of Generals Suharto and Nasution to leadership against the communist-Sukarno united front, there was greater public agitation against corruption.

A new manifestation in the history of corruption in Indonesia was exposed recently, that is the role of banks in the intensification of corruption. More than twenty years ago this was hardly heard of. What did exist was the corruption of bank officials in the form of commissions (bribery) for a loan obtained from the bank, but with sufficient security. The new manifestation was the active participation of directors of some banks in organizing an illegal banking ring. Their banks issued large loans to clients without sufficient security. On 29 August, 1967, fifteen banks were suspended and prohibited from clearing their cheques until investigation was completed. One of them was a bank for the armed forces. It was reported on 28 August, 1967, that 39,000 dubious cheques from just three banks were being investigated. One army officer was alleged to have embezzled 120 million rupiahs with the co-operation of a bank. It was subsequently claimed by the official side that only seventy million was involved while the other fifty million was recovered. The officer involved escaped to Holland via Penang.1

These banks worked through unofficial agents whose function was to settle the deal with the party in need of the credit. When a credit, say of ten million rupiahs, was needed, the borrower had not only to pay a higher rate of interest (the official rate plus the illegal rate for the director, sometimes totaling up to twenty per cent) but also a ten per cent down payment as soon as the amount was drawn from the bank. In a loan of ten million, one million was immediately deducted as a bribe for the director. As this practice developed, the bank as a whole had to draw overdraft from the central bank since more and more credit was given in this way.2 Not only the banks, but other official or private institutions developed what General Nasution called â€˜dualismâ€™ in his written address

to the Conference of Muslim Students in North Sumatra on 26 August, 1967. In it, he pointed out that after twenty-two years of independence, the Indonesian nation had not succeeded in establishing a just and prosperous society. General Nasution feared that corruption would turn out to be the national cancer unless it was mentally and administratively uprooted. He noted the dualism in the budgeting of some official institutions engendered by certain social and operational needs, as one of the sources of corruption.3

In a corrupt society, dualism in the activity of the state institutions is most pronounced. In every instance there is the official and the unofficial procedure. Tax assessors visit the home and offer to reduce assessment on remuneration. Admission to the university can be procured through the back door. Licences and permits can be obtained likewise. In almost every official activity there is this dualism.

The association of corruption and crime is a well-known phenomenon. But the forms of this association vary according to the degree of corruption. As corruption develops in intensity these forms multiply. Thus on 11 August, 1967, a Jakarta paper reported the arrest of seventeen people, some of them from the Indonesian Armed Forces, who organized a syndicate to sell or rent out fire-arms to those who would need them for private, often criminal purposes. The modus operandus was as follows: A soldier was ordered by his superior officer to perform a certain task, requiring a rifle, outside Jakarta. He was given between 6,000 and 15,000 rupiahs as an allowance for a month. Whether the soldier in fact carried out the job, nobody bothered to ascertain. The rifle was then sold for 11,000 rupiahs, or rented out for a substantial fee. Every month the order was repeated. The proceeds from the sale of the rifle and the misappropriated monthly allowance were then divided. A recent raid by the authorities on a house at Djatipetamburan, Jakarta, recovered eleven rifles and ten blank order sheets.4

Large-scale smuggling of tin from Banka involving some members of the Armed Forces was another instance of the association of corruption and crime. The Brigadier-General who ordered the arrest of six army personnel, claimed that

only one out of every ten shipments of tin per night could be traced. He was certain that the smuggling ring included military and civil authorities.5 On 7 September, 1967, a shipment of Indonesian tin worth RM20,000 was confiscated at Tanjong Piai. This incident also involved members of the Armed Forces.6

Though we could acquire some occasional quantitative data on corruption, these would be by no means sufficient to justify any attempt to assess the cost of corruption. The known cases of corruption are only an insignificant part of this activity. The attempt to assess the cost of corruption and to set up a typology thereof, such as that expressed by Nye, is entirely fruitless in the absence of statistical data. It could not go beyond generalizations which are already obvious.7 On the other hand, research into the phenomenology and typology of corruption, as well as its function as influenced by prevailing circumstances in a country enveloped by corruption, may yet help us to increase our understanding and explanation of the phenomenon.

Absence of sufficient quantitative data does not mean that there is nothing else to be examined. The effects of developed corruption are very obvious. In the case of Indonesia, nobody from any political party or any social or administrative group has ever denied the prevalence of corruption. The effects are too glaring to hide. The aim of the first part of this book is not a descriptive study of corruption in any particular area, but a theoretical exploration of the phenomenon, supported by available contemporary data on corruption.

This book does not aspire to give a specific concrete solution to the problem that could be adopted in a particular country. The prevention of corruption as discussed here refers to general conditions. A solution meant for any particular country has to be preceded by intensive case study with the co-operation of the government concerned. It has to go into details pertaining to the administrative, economic, political, social, cultural, philosophical and ethical aspects of corruption as found in the particular country under study.

Many problems have repeated themselves throughout history. The great Chinese reformer, Wang An Shih, (A.D. 1021-1086) in his attempt to eliminate corruption was impressed by the two ever-recurrent sources of corruption, bad laws and bad men. As he put it, â€˜But what I wish particularly now to emphasize is that history proves it to be impossible to secure proper government by merely relying on the power of the law to control officials when the latter are not the right men for their job. It is equally futile to expect efficient government if, having the right men in their proper positions, you hedge them about by a multitude of minute and harassing prohibitions.â€™8 His views on the dynamics and pathology of administration are extremely instructive, and contain much that is relevant to current interest in the problem. He classified human beings into two groups, the morally mediocre and the morally high. Changes of fortune did not affect the latter. The danger comes when the moral mediocrities gained control of government. Their action might then release all sorts of corrupt forces throughout the hierarchy.

Wang An Shih was no armchair theoretician. He was a very active public figure who once rose to the highest ministerial office of China, and who had a sound diagnosis of corruption. In the last analysis the two absolute prerequisites against corruption, he believed, were power-holders of high moral calibre, and rational and efficient laws. Neither could function without the other. The one conditioned the other. Both had to be present for any effort to be successful. The aim of modern governments for efficiency and rational goals is evident in Wang An Shihâ€™s approach. The Indonesian situation at the moment has led many of the countryâ€™s serious-minded patriots to revive the issues. The problems confronted by Wang An Shih in eleventh century China have again emerged under a new guise in contemporary Indonesia and many other Asian countries.

Amongst the Islamic scholars, Abdul Rahman Ibn Khaldun (A.D. 1332-1406) should be especially mentioned. He is well known not only as the discoverer of scientific history and sociology, but also as a student of corruption. Like Wang An Shih, he was no armchair theoretician. He was an active public

figure who rose several times to high office, suffered imprisonment and various changes of fortune. During his appointment as a judge he tried to eliminate corruption and bribery but failed, and was dismissed from office. Ibn Khaldun attempted to explain the causes of corruption, and also why at certain times reformers had failed, and at other times they had succeeded. His insight into the matter is interesting. He considered the root cause of corruption to be the passion for luxurious living within the ruling group. It was to meet the cost of luxurious living that the ruling group resorted to corrupt dealings. The other causes were further effects generative of further corruption.9 They were the chain reactions released by corruption. The corruption of the ruling group brought about economic difficulties, and these difficulties in turn induced further corruption.

Between the old and the present studies of corruption in Asia, there has not been any continuity in the development of theory and analysis. Furthermore, the sociology of corruption in general has received relatively little attention from social scientists.

In most instances, reference to corruption is made in connection with other subjects, such as crime or public administration. Many works referring to corruption do not attempt a conceptual and causal analysis. Neither do they attempt to classify the types and degrees of corruption.10 A theoretical enquiry into the roots and function of corruption as attempted by Lasswell and Rogow is not a common phenomenon.11 Neither is Wertheimâ€™s discussion on the sociological aspects of corruption in Southeast Asia.12

The Nature of Corruption

Before we go any further, we should clarify the term corruption. As Wertheim puts it, â€˜According to the common usage of the term â€œcorruptionâ€ of officials, we call corrupt a public servant who accepts gifts bestowed by a private person with the object of inducing him to give special consideration to the interests of the donor. Sometimes also the act of offering such gifts or other tempting favours is implied in the concept. Extortion, i.e. demanding of such gifts or

favours in the execution of public duties, too, may be regarded as â€œcorruptionâ€ . Indeed, the term is sometimes also applied to officials who use the public funds they administer for their own benefit; who, in other words, are guilty of embezzlement at the expense of a public body.â€™13

Another phenomenon which can be described as corruption is the appointment of relatives, friends or political associates to public offices regardless of their merits and the consequences on the public weal. For the present purpose we shall call this nepotism.

We have thus three types of phenomena contained in the term corruption: bribery, extortion, and nepotism. They are not completely identical, but can be classified under one heading. Essentially there is a common thread running through these three types of phenomenaâ€"the subordination of public interests to private aims involving a violation of the norms of duty and welfare, accompanied by secrecy, betrayal, deception and a callous disregard for any consequence suffered by the public.

In the interests of analysis we have to differentiate further between corruption and criminal behaviour, and between corruption and maladministration or mismanagement of affairs, the effects of which are also not in the public interest.14 But first let us enumerate the characteristics of corruption, and thereafter distinguish it from criminal behaviour not usually classified as corruption, and from maladministration or mismanagement of which many effects are the same as those of corruption.

The characteristics of corruption are as follows: (a) Corruption always involves more than one person. This need not be the case with stealing, for instance, or embezzlement. The lone operator in corruption is virtually non-existent, and such cases usually fall under fraud. One instance is making a false declaration of travelling expenditure or hotel bills. But even here there is often a silent understanding between officials who practise such fraud to let the situation prevail.15 (b) Corruption on the whole involves secrecy, except where it has become so rampant and so deeply rooted that some powerful

individuals or those under their protection would not bother to hide their activity. But nevertheless, even here the corrupt motive is kept secret. (c) Corruption involves an element of mutual obligation and mutual benefit. The obligation or benefit need not always be pecuniary. (d) Those who practise corrupt methods usually attempt to camouflage their activities by resorting to some form of lawful justification. They avoid any open clash with the law. (e) Those who are involved in corruption are those who want definite decisions and those who are able to influence those decisions. (f) Any act of corruption involves deception, usually of the public body or society at large.16 (g) Any form of corruption is a betrayal of trust. (h) Any form of corruption involves a contradictory dual function of those who are committing the act. When an official is bribed to issue a business licence by the party who offers a â€˜giftâ€™, the act of issuing the licence is a function of both his office and his self-interest. He acts in a dual contradictory function. The same may be said of the party offering the bribe. Applying and receiving the licence is a function of his lawful business interest, but resorting to bribery is not. (i) A corrupt act violates the norms of duty and responsibility within the civic order. It is based on the deliberate intent of subordinating common interest to specific interest.17

The above list of characteristics of corruption could be extended. It is by no means exhaustive, but it is sufficient to function as a set of criteria by which the phenomenon of corruption can be classified. For an act to be classified as corrupt it has to contain all the above characteristics. These characteristics are drawn up through enumerative induction. During the past forty years, in which I have witnessed or heard of acts of corruption too numerous in form and content to recount, I have not come across a single instance where these traits are absent. The only possible exception is where corruption is difficult to distinguish from criminal extortion, where the party who bribes is compelled to do so, grudgingly and resentfully, and where the bribery is not considered as a necessary outlay for future gain. In such cases the victims kept no secrecy.

At this juncture, the description of corruption is not meant to be evaluative. The terms â€˜betrayalâ€™, â€˜deceptionâ€™, and â€˜unlawfulâ€™, are used here in a neutral sense, without judging whether the act as such is good or bad for the particular society, and here again, good or bad as conceived by the society concerned. We shall deal with this later, in connection with the role and effects of corruption in the underdeveloped countries of Asia and Africa.

It is generally admitted that corruption is an age-old problem and that all human societies, except the very primitive, are, to some extent, in varying degrees, affected by corruption. Depending on the degree of corruption, and a set of other conditions, it has been successfully pointed out that the viability and development of a political, social, cultural or economic order, need not necessarily be stultified or thwarted by the mere presence of corruption. Some observers go further and claim that in some instances corruption has helped to promote economic development and efficiency.18

It has also been suggested that bureaucratic corruption today in underdeveloped countries is either encouraged by or merely continuous with the traditional offering of gifts to those in office or holding certain powers.19 A lag in administrative adjustment in some areas and the persistence of earlier outlooks had contributed to the problem of corruption. As Wertheim described it with reference to Indonesia, â€˜First of all we have to take into account that the post-war forms of so-called corruption still frequently conceal relics of the traditional social structure. Village headmen for example are still unpaid, so that they have to maintain themselves by partly legal, partly illegal levies on the population. The patrimonial-bureaucratic substructure still influences all other sections of society, while traditional family ties continue to clash with modern concepts of morality in public affairs. Even as late as 1957 in several public services in Western Sumatra, it could be observed that all the personnel in one particular office belonged to a single family group: that of the office chief.â€™20

A discussion of corruption may be divided into three problem areas: (a) the function of corruption, (b) the causes of

corruption, and (c) the ways and means of eliminating or restraining the influence of corruption. So far no trend encouraging and promoting corruption as an ideal has emerged among social scientists. Even those who claimed to see some positive aspects of corruption have not recommended it for development but only tolerated it. It is apparent that there can be no sufficiently fruitful insight into the subject if these three problem areas are not covered at the same time in an analysis, at least at this present stage of enquiry where there is still a lack of conceptual differentiation and methodological caution. The underlying methodological assumptions on social causation, on historical continuity, on the emergence of new cultural values, on the identification and interpretation of social phenomena have to be brought into the area of discourse.

The Functions of Corruption

It will shortly be apparent that suggestions on the causes and function of corruption in underdeveloped countries have suffered from serious methodological shortcomings. The best instance at hand is the claim that corruption has some positive contribution to make for the progress of underdeveloped areas. The first objection we may raise against Weiner and Spiro, and many others dealing with the problem is that they did not first meaningfully define and differentiate substantially the concept of corruption into the three major types, and then assess its function in terms of each of these. Extortion, nepotism and bribery each possesses a distinct dynamics and phenomenology. Their effects and functions with reference to development differ according to the context of a countryâ€™s situation and cultural background. If we desire to appraise the functions of corruption in a particular context, we will have to assess each of the three separately.

Many observers like Weiner and Spiro, to mention only two, generalize about the function of corruption in a particular country like India, or a particular region such as those in the underdeveloped areas, on data derived from a particular type of corruption. It has been suggested by Weiner that by bribing the officials the businessmen could get things done which otherwise would have taken a long time, owing to innumerable

regulations. â€˜Indeed, the bakshish system is not as disruptive as might first appear. It lends to the administrative system discretion and flexibility (which admittedly are provided by other means in other systems) without which many businessmen would find it difficult to function.â€™21 Weiner noted the view of many businessmen that if government were to impose all the regulations, business and economic growth would come to a grinding halt. He appeared to endorse this view when he said, â€˜On the other hand, we have tried to suggest in our study that efforts to influence local administration, even through widespread corruption, are not wholly detrimental to political, and perhaps even to economic, development.â€™22

As a statement of fact limited to the type of corruption concerned, there is no disagreement with Weiner. As a matter of fact, people living in such an area are fully aware of the instrumental function of corruption for specific purposes. Some of them have done a bit of theorizing. In a discussion with a businessman in Jakarta several years ago, I was made aware of a significant classification of corruption suggested to me by this businessman. This gentleman, who is still active in business, and who constructs and sells houses and engages in internal trade, is an honest and philanthropic man. He classified two forms of corruption, but had been involved with only one of these. He said that in cases in which he had been involved, he was merely paying for his right. The instances he cited were: obtaining approval for certain construction programmes, an exit permit to go abroad, and a host of other approvals required by regulations which are non-competitive but merely routine in nature. In these instances he claimed that he was merely buying his rights; in other words, he allowed himself to be extorted. The government officials forced him to offer bribes; otherwise, his business would come to a grinding halt.

It would be different, he suggested, if he were to deprive other people of their rights. For instance, he could attempt to pay a heavy bribe to get an occupation permit for a house, thereby depriving another more entitled to it by right. Or he could pay to buy a job for an undeserving relative, or buy a licence for a

pump station. This type of corruption he considered wrong and unethical.23 Whatever his views were on the subject, the interesting point for us is his classification of corruption into types. He clearly brought forward the extortive type of corruption, and it is this type of corruption which Weiner, Spiro and some others consider as functional within the actual set-up in underdeveloped countries.

Without denying that fact that such a type of corruption does act as a promoter of efficiency in this particular context, the fact is not of great interest for planning or research, for the simple reason that it belongs to that category of findings which is obvious. It is a known fact that the expansion and sophistication of criminal activity has, in several instances, increased the efficiency of the police, just as it is a fact that the miseries suffered by countless victims of cancer have helped cancer research. Such a viewpoint is not of much use since almost everything happening under the sun can be said to be positive in some way. We are more interested in the total context, the context of society which has made graft â€˜the oil that makes the administrative machinery operate quicklyâ€™. It is when we consider graft in the total context that we get a different picture of the function of extortive corruption. The following examples can be observed by anyone who has the time and patience to look out for the effects of extortive corruption:

(a) The infinite frequency of graft transactions involving countless millions of dollars and hundreds of thousands of business decisions in the underdeveloped countries becomes a burden to the public, since the cost of graft is eventually passed on to the consumer. Where there is no effective price control, manufacturers and businessmen always attempt to transfer the burden of legal taxation to consumer. The same holds true of graft, which is a kind of illegal taxation.

(b) Though graft helps to promote efficiency in particular cases, it tends to lower the efficiency of the civil service as a whole. In an office or a department riddled with corruption, the efficiency norms of the bureaucracy has always to be subordinated to the norms of the graft ring. Efficient and honest civil servants have been known to be transferred or

blocked from promotion if their presence or promotion affects the interest of the ring.

(c) In actual practice, extortive corruption is a phenomenon which tends to spread rapidly, bringing along with it negligence and inefficiency. It is never restricted to one form. The habit of doing something illegal and subversive becomes transferred to wider and wider circles, unless effectively restrained. The type of bribery alleged to promote efficiency has the tendency to develop and extend the habit in areas where it is difficult to promote efficiency.

(d) Corruption undermines respect for the constituted authority. This in turn leads to all sorts of problems. It tends to deprive a government of public support, and alienates public devotion to governmentâ€™s aims.

Furthermore, such bribery is not always effective. Within the context of corrupt relationships, there is also competition based on corruption norms. Those who pay most are not always the ones who succeed. The trustworthiness of the bribe-giver, the extra favours he could offer, like providing girlfriends, or facilities for holidays, or some kind of assistance, may determine the receptiveness of the officials. We have seen that conclusions derived from one type of corruption cannot be made the basis of a generalization on corruption in general. It is also apparent that in actual practice, it is difficult to suggest the effect of extortion on efficiency as isolated from its effect on other types of corruption and the total context.

There is a further aspect of the problem. When extortive corruption has become widespread within an administration, it is usually the result of previous conditions of corruption. In our analysis of the problem of corruption, we should have a theory of its dynamics and developmental stages. So far no such theory has been presented.

A methodological shortcoming in a study on corruption is evidenced in Colin Leysâ€™ treatment of the problem. â€˜The Uganda Minister of Information,â€™ he says, â€˜was much criticized for giving a lucrative and unusual monopoly of television set sales to an American contractor, in return for

building a transmission station at cut rates: even had corruption been involved, the policy did produce a television station much more quickly and cheaply than the policy adopted in neighbouring Kenya.â€™24

The point to be examined in this case is the place of the television station in the hierarchy of priorities, both in terms of the objective national conditions as well as government policy. If it is in terms of government policy, we should enquire whether that policy which places the television station as of a definite priority, is not actuated by corrupt motives. Corruption is not restricted to the acts of specific decisions. It is a process involving attitude build-up, deliberate planning, historical antecedents, social mobility, group affiliation, and other sociological factors.25 Therefore we have to examine the context as a whole. In the case of the television station we must look at the wider framework of government policy, and assess whether the group responsible for this policy is free from corruptive motivation in constructing and implementing their hierarchy of priorities.

Leys claims that not all kinds of inequality promoted by corruption are beneficial from the point of view of development. But he challenges the assumption that they are invariably bad.26 The concepts â€˜beneficialâ€™ and â€˜badâ€™ are not defined by Leys. Neither is the concept of development. We do not wish to split hairs here and insist that he write a treatise on these points. But Leys himself insists on the description, measurement, analysis and explanation of corruption, and attacks what he considers to be the moralist concept of corruption. In his attempt at a critical analysis of this concept, he appears to favour a relativistic position, leaving the group and society concerned to define it.27

However, even this position demands a classifying set of criteria to group the different phenomena of corruption under various headings. For example, there are different conceptions of the abnormal personality cherished by different peoples and cultures. Here a certain degree of relativistic explanation is justified. However, we are not justified in eliminating altogether the objective universal criteria of abnormality employed by psychology. A paranoiac is a paranoiac whether

he is the president of a modern state or the chief of a primitive tribe. It is true that a societyâ€™s response to the afflicted person and the interpretation of its function and implication differ, but the underlying phenomena, for purposes of scientific clarification and classification, do not.

The conceptualization of corruption suggested at the beginning of this book aims at universality, like any concept of science seeking general classification. The difficulty of isolating some incidents of corruption is a practical problem, not a theoretical one. We may illustrate this by another instance from Leyâ€™s article. In Kampala, Uganda, in August 1963, the City Council granted a petrol station site to a member of the majority party who offered the lowest price, Â£4,000, the highest bid being Â£11,000. It was subsequently alleged, and later denied, that the successful bidder later resold the plot to an oil company at a profit of Â£8,000. In the subsequent debate in the City Council, the majority party defended its decision with the argument that the Council was not obliged to accept the highest offer, and that the Council preferred to give a â€˜stakeâ€™ in the city to a poor man rather than to a rich one.

The opposition maintained that the decision was swayed by political favouritism, rather than the manâ€™s poverty. Even should helping the poor be the motive, the loss of a great amount of public revenue was too high a price to pay. They further maintained that in this case the official policy should have been to accept the highest bid, unless public interest, not present in this case, dictated otherwise. Leys cited this instance to illustrate his point that the nature of official rule has to be clarified before assessing whether or not an act is corrupt. In cases like this, it may be difficult to pass judgment from a distance, but the intent of the act is the essential qualifying factor. The problem we are facing here is a practical one.

Theoretically speaking we may adopt the following formulation: â€˜Not all acts which benefit the office-holder at the expense of the people are corrupt, else the term would include all taxation by an absolute monarch to provide accustomed luxuries for his family and court, all fees and dues paid by serfs to their feudal lords, all sacrifices and gifts given

to the priestly class in theocracies. Acts illegal in themselves and calculated to benefit the office-holders are obviously corrupt. But neither the question of formal legality nor that of the sufferance of the act by the mass of people is of the essence of the concept. Where the best opinion and political morality of the time, examining the intent and setting of an act, judge it to represent a sacrifice of public for private benefit, it must be held corrupt.â€™28

Not only in the case of corruption, but in that of other social phenomena, recourse to concrete analysis is necessary in order to identify the nature of such phenomena. Some problems can be answered only through direct contact with the concrete data, and through concrete contextual analysis. In the case of the example cited above, actual participation, membership of the group, and adequate background knowledge of the situation as well as the personalities of those involved will enable us to judge whether an act is corrupt.

Those who suggest the positive function of corruption in underdeveloped areas, apart from ignoring certain dimensions in contextual analysis, have also been guilty of a bias in their selection of data.

Here are some descriptions of corruption in certain countries in Latin America, which can also be applied to some Asian countries I know from experience. These data are often ignored or missed by those who suggest some positive function of corruption. People fear the police and their extortions, of which the most common form is the imposition of fines for fictitious offences, the money going to the policemen. In some countries, the ordinary people regard the police as extortioners or uniformed bandits. In most countries the clerks have to be bribed to deal with the innumerable formalities, failing which, they attend to the matter with deliberate delay or not at all. Customs inspectors derive most of their income from bribes. In a particular Latin American country they damage or delay goods of people who do not offer a bribe. Furthermore, there is the distribution of contracts to those who will reserve a cut for the ruling cliques. It was in this way that two Latin American presidents had directly appropriated US$700 million and US$400 million

respectively. One deceased dictator had amassed an amount exceeding US$1,000 million.29

During the years following the terrible earthquake of May 1960, Chile received US$120,000,000 from the United States as aid for the victims. By October 1961, out of 40,000 homeless only 3,000 were rehoused â€˜which would make it appear that it costs many thousand dollars to build a peasantâ€™s hutâ€™.30 Blankets, foodstuff and other materials sent to Peru for the victims of earthquakes and floods found their way into the shops of Lima and elsewhere.

When the total effect of corruption on afflicted societies, whether in the economic, administrative, political or judicial realms is considered, no stretch of sociological imagination could ever succeed in suggesting that it has some positive function in development, except in the development of exploitation, inequality, and moral and legal disorder. I will here cite Andreskiâ€™s conclusion on the nature of corruption: â€˜The losses caused by corruption far exceed the sum of individual profits derived from it, because graft distorts the whole economy. Important decisions are determined by ulterior and anti-social motives regardless of the consequences to the community. When a useless factory is built in an impossible place simply because the former owner bribed the officials into buying it for an exorbitant price, then the cost to the community must far exceed the profits of the manipulators. An administrative machine permeated by graft does not respond to direction, so that even a most enlightened cabinet or president can achieve nothing, and his instructions are perverted in execution. The network of collusion is so thick that an honest president, even one as energetic as Cardenas, gropes as in a fog. Every bureaucratic machine suffers to some extent from an antipathy towards initiative and originality, from sycophancy and from the preferment of intriguers and yes-men. But when graft is added to these disorders, the machine ejects all the incurably honest men, selects for promotion the most ruthless and astute rogues, and compels the rest to follow their example.â€™31

Those who suggested some positive function of corruption did not link their analysis with the different stages of corruption,

which is essential to the validity of their generalizations or suggestions. When we declare that corruption has some positive function, what stage of corruption do we have in mind?

Three Stages of Corruption

Broadly speaking, we may divide corruption into the following three stages:

(a) The stage at which corruption is relatively restricted without affecting a wide area of social life. In this stage we can accomplish without hindrance and extortion almost all our dealings with the government in most of our routine affairs. Rights and regulations are implemented without public suffering. Almost everything the public requires from the government can be obtained without recourse to graft or nepotism. At this stage corruption is restricted to a section of the upper circle in government and in big business.

(b) The second stage is where corruption has become rampant and all-pervading. There is hardly anything anyone can do without graft. I shall illustrate this with the case of a Southeast Asian country which has been literally ruined by corruption. I had the good fortune to observe this directly having spent several years in the country through all the different periods of political change, the colonial rule, the Japanese occupation, and the independence. From the time of the Japanese occupation up to the present day, more than forty years have elapsed. During this period corruption has steadily increased. Twenty years ago, when I was in the capital of this country, there was hardly anything one could do without either graft or influential connection.

Tickets for air and rail travel were sold on the black market. A certain number of train tickets were sold regularly but the rest went to the black market. Bookings on local air flights were always full, but to the amazement of those who bought black-market tickets, there were often a number of empty seats on a plane. The telephone system was not automatic, and the operator had to be bribed. The postman had to be given a monthly bakshish. The office boy had to be tipped in advance to deliver a letter to his boss. The stamp counter at the post

office claimed never to have small change as prices of small commodities were numerically big. One could not pass a driving test without rewarding the police examiner. Thousands of households, including the one in which I stayed, had to pay protection money to certain secret societies in order to buy security from their attack and protection from attack by rival groups. The police, however, were not concerned. The fire brigade did not always respond to an emergency. The garbage collector would leave the rubbish alone if he was not properly tipped. Even colleagues in the same department had to resort to bribery. Thus in the foreign ministry the officer in charge of accommodating returning members of the diplomatic staff to the home office expected bribes from less powerful colleagues.

Some time ago I asked a businessman, whom I have known for forty years, whether there was still anything left in that cityâ€™s administration which could be achieved without bribery. His reply was: only fetching a registered letter from the post office! Between the capital and a certain town at the foot of a mountain, it took a one-and-a-half to two-hour journey under normal pre-war road conditions. Some years later it took approximately four hours. The road had deteriorated through negligence and corruption, and although this country produces tar, the tar was sold on the black market. Many civil servants who had no opportunity to extort, or who did not want to, as well as those that did, worked in more than one place to earn extra money. They left their offices before time to work elsewhere. I know a gentleman who for at least twelve years had worked in three places a day: in the morning at a ministry, in the afternoon in an embassy, and in the evening in his own firm. Academicians lecture in several institutions. At one time, in one of the countryâ€™s leading universities, one professor lectured on between ten and twelve different subjects in order to earn extra money.32 The general economic chaos, the degraded state of the administration, the loss of authority, the disrespect for the administration, and the political disorder, have not only been pointed out by observers, but confirmed by the government and political leaders, and by almost everyone from that country.

(c) The third stage of corruption is the most interesting, and at times most difficult to notice. This is when corruption becomes self-destructive, having destroyed the fabric of society. To further our theory of the dynamics of corruption, we must here include its interplay with other factors. Corruption alone is not responsible for its destructive effects. We must also include here the cause and effect relationship of corruption. Corruption stimulates further development of greater corruption, and this further degree in turn causes an even greater increase in corruption. When extortion becomes widespread in the civil service, and is used by policemen on the beat, the clerk at the counter, and the nurse at the hospital, it is usually the effect of previous corruption at a higher level. For a countryâ€™s condition to generate widespread corruption amongst the civil service, it requires that a preceding state of corruption be present and responsible for that condition. A theory of corruption has to include this initial condition.

Usually the succession from the stage of restricted corruption to the stage of widespread and deep-rooted corruption starts with the group which is least hampered by economic difficulties affecting their means of subsistence. This is the group of high officials and well-to-do businessmen. When corruption in this circle has gone on for some time, society will then feel the effect. The state revenue declines out of proportion to the volume of trade and taxable sources. The currency declines in value, and prices go up. When this happens, the lower levels of government officials take recourse to corruption in an effort to maintain their livelihood. But this general economic difficulty is generated by the corruption of the economically higher classes. There are many interesting variables here, which in their turn determine whether the corruption of the upper and influential classes will generate conditions for general corruption. Those who suggest some positive function in corruption base their analysis on this stage of corruption, and that is done only within the area of extortive corruption. They do not proceed to the next stage, which is when corruption becomes destructive not only of society, but, also of those practising it. There are a few countries in the underdeveloped areas going through this

process. Some illustrative data from a country in Southeast Asia is here given.

Around the capital of this particular country to which I have already referred, there are rail crossings across the main roads. The gatekeepers deliberately lower the gate pole too early. Since the trains are often irregular, especially the baggage mails, it is not possible for the public to know whether it is done deliberately or not. As a result of this, the traffic is halted long before it is necessary and the travellers, many of whom are truck drivers, spend their time consuming food and drink at nearby stalls along the roadside. The proceeds from these sales are then shared with the gatekeeper.33 The effect this has made on business and general efficiency can be imagined. The slowing up of transportation, the increase in labour hours, and the disruption of timing schedules, affect general efficiency. In no way is this positive to development. The effect of this type of corruption is no doubt not the same as the bakshish for a permit. But the fact that corruption is of various motivations and actions should be an integral part of the whole approach to corruption. A businessman who â€˜greases his wayâ€™ to get a permit does not stop there. He will eventually bribe his way along to ensure that he secures other conditions necessary to him. He will see that the official concerned remains at his post, he will attempt to block a competitor. In this situation anything may happen, and the element of insecurity is increased.34

An author who sees some positive value in corruption, reasons as follows: â€˜Since the licences and favours available to the bureaucrats are in limited supply, they are allocated by competitive bidding among entrepreneurs. Because the payment of the highest bribes is one of the principal criteria for allocation, the ability to muster revenue, either from reserves or from current operations, is put at a premium. In the long run both of these sources are heavily dependent on efficiency in production. Hence, a tendency towards competition and efficiency is introduced into the system.â€™35 This reasoning is characteristic of those who claim that corruption has some positive function in development. In this article of approximately 7,500 words, only a few lines are devoted to concrete instances. It appears

to be deductive, like an exercise in geometry, using a set of axioms to establish the conclusions.

The facts in underdeveloped countries point in the opposite direction. The fittest who survives is not always the most efficient and competitive. With the protection given to national industry and the security obtained by graft, neither efficiency nor competitiveness improves.36 Instead these firms and industries in, for instance, the Southeast Asian country mentioned earlier, become gigantic centres for indirect embezzlement. As the state becomes poorer and poorer, business concerns become richer and richer. I am not suggesting that indirect or direct corruption is always correlative with inefficiency. Efficient and successful firms practise indirect and direct corruption too, as well as practising commercial espionage and diplomacy. But the significant fact about their efficiency and achievement is not the corruption they practise but their ability to maintain an efficient, rational and methodical approach, strengthened by capital potential and sufficient experience.

They are successful in the field of competitive corruption because they are already successful in the field of growth and efficiency. Their successful bids for definite orders and status at particular moments by means of corruption may be attributed more to their already successful achievements rather than to their resort to corruption. Most of the efficient and successful firms in underdeveloped areas have been those of long standing and experience. The history of their efficiency has never been correlative with their level of corruption. Their success is often due to the fact that they become indispensable, and that they are difficult to beat in fair or unfair competition. The extent and number of bribes offered by their rivals are often not in the least a decisive factor in their success in competition.

An instance where corruption is irrelevant to success and efficiency is that of pioneer industries in Malaysia. The Pioneer Industries (Relief from Income Tax) Ordinance, introduced in 1958, provides income tax exemption for between two and five years, based on the amount of fixed capital invested. A company with less than RM100,000 (the

rate of exchange then was three Malaysian ringgit to one US dollar) receives relief for two years and an additional year if its capital investment is between RM100,000 and RM250,000, with a further two years if the investment is above RM250,000. In 1964, 107 companies were given pioneer status. The main condition to obtaining such status is that the industry has not been run on a commercial scale suitable to the economic requirements of the nation and that there is scope for its development. The total nominal capital was RM650,160,000. The paid amount was RM166,472,892 out of which RM53,965,786 was local capital.37

It is difficult to imagine that the establishment of 107 industries involving a paid-up total capital of RM166,472,892 which was fairly substantial at that time did not involve a certain amount of corruption.38 But what is of interest to us is that here corruption is not relevant to the efficiency factor. The point at which corruption would have been most necessary would have been in the obtaining of pioneer status. Once this is achieved the management and planning factors are of crucial importance within the system. The initial corruption is not relevant to growth and development. Since the industry is granted pioneer status, given the other conditions, the need to depend on graft for government service is less than otherwise. Furthermore, competition with other local industries in the same line is virtually non-existent. If graft was present, it decreased rather than increased efficiency, for graft, in this context, was often directed to the avoidance of improvement of quality.39

It has also been suggested that corruption can act as a hedge against bad policy. â€˜Even when the government of an underdeveloped country is proceeding actively and intelligently to promote growth, there is no assurance that its policies are well-conceived to attain its goals. In effect, it may be taking a vigorous step in the wrong direction. Corruption can reduce the losses from such mistakes, for while the government is implementing one policy, the entrepreneurs, with their sabotage, are implementing another. Like all insurance, this involves a costâ€”if the governmentâ€™s

policy is correct. On the other hand, like all insurance, it is sometimes very welcome.â€™40

As the above extract shows, the author qualifies the validity of his suggestion by â€˜mayâ€™ and â€˜canâ€™. To support his suggestion he cites the example of Argentina and Chile. But Argentina and Chile have been corruption-riddled countries, with deep historical roots in corruption. The sabotage of Peronâ€™s economic policies by graft from agricultural producers is alleged to have had beneficial effects on Argentinaâ€™s capacity to import.41 The sabotage of Peronâ€™s policies is not analysed within the context of an already developing corruption. â€˜Corruption, always rampant in Argentina, reached fabulous proportions under Peron, when large parts of the economy came under governmental control. According to serious estimates, Peron accumulated US$700 million in his personal accounts in foreign banks. The traffic in permits and appointments was enormous.â€™42 To sabotage Peronâ€™s policy through graft and to succeed is analogous to gang warfare with the victor possibly being capable of doing less harm to the public. Within this context, of course, it is an advantage. The exact situation should be defined as a relatively honest but bungling government being sabotaged by graft, the success of which leads to public advantage. However, such a viewpoint has never been put forward. The argument in favour of corruption as a means of sabotaging bad policy is, in my opinion, without convincing foundation.

This is not to deny that, within an already corrupt political and historical context, differences in policy can have consequences which are positive or negative. There is still a gradation in the degree and effect of corruption. To return to the case of Peron and his fatal policy of instituting government monopoly on agricultural produce, fixing uneconomic prices, and simultaneously preventing the import of goods required to maintain productivity, his government did succeed in causing food scarcity in a country abundant in food. The aftermath of this policy is still felt in Argentina many years later. In the case of Argentina, like some other underdeveloped countries, it was a combination of administrative inefficiency, incompetent planning and corruption. In fact, the three are

often found together. To what extent each contributes to the total crisis or developmental strain and stagnation, requires a special investigation which has never been undertaken.

Peronâ€™s regime, like that of his predecessors, had some positive contributions to make. But corruption played a significant role in their downfall. The cult of personality was pushed by Peron to degrading extremes, repelling honest citizens and leading to the invasion of the civil service by incompetent and dishonest sycophants. â€˜In addition to dislocating the economy, his rule aggravated the corruption and inefficiency of the administration; it stimulated appetites whilst reducing the means of satisfying them.â€™43 The point of interest to us here is Andreskiâ€™s evaluation of Peronâ€™s rule. â€˜He has raised the self-respect of the workers, helped them to organize themselves, extended facilities for free education, introduced social insurance and other measures of public assistance. Had he not squandered money on arms and ostentation, had he been an efficient and honest administrator, he could have put Argentina among the prosperous and stable societies.â€™44

Many countries in Asia and Africa have had similar experiences, in the sense of a combination of corruption, inefficiency and bad planning. Improvement lies in the decrease of all these, as far as national development is concerned. A permissive attitude towards corruption would impede development, however unavoidable corruption may be within particular contexts of action.45 The need to overcome bureaucratic hurdles and numerous regulations of the kind noted by Weiner, though genuine, does not plead for the positive function of corruption. It should rather be seen as the expansion of corruption, for to some extent, corruption contributes to the enormous increase of rules and delays, and ostentatious projects that would benefit the corrupt power-holders. We also have to bear in mind that the inability of an administration to perform efficiently, in the face of an increasing number of rules and regulations, is partly due to corruption, while the administrative lag in performance contributes to the corruption cited as instances by Weiner and others.

In many underdeveloped countries we can notice the simultaneous occurrence of three trends, i.e., expansion of the civil service, increase of rules and regulations, and decrease in reserve revenue. All three may be determined to a large extent by the need to implement development projects. But already at the earliest stages, before the projects are even conceived of and approved, corruption has emerged in a form which affects the revenue, with or without the prolific multiplication of rules. Whether there is expansion of government activity or not, corruption is there and it expands with governmental expansion. From whichever point of view we look at it, it does not contribute positively towards development, for a part of government funds is continuously drained for negative purposes. In the last analysis, the function of corruption is comparable to a disease: if well under control, harmless; if not, deadly.46

The Causes of Corruption

We may now turn our attention to the causes of corruption. It has been suggested that corruption has been brought about by the following factors: (a) The absence or weakness of leadership in key positions capable of inspiring and influencing conduct mitigating corruption. As the Chinese and Japanese proverb says, â€˜As the wind blows so bends the reed.â€™ (b) The weakness of religious and ethical teachings, (c) Colonialism. An alien government does not awaken the necessary loyalty and devotion capable of inhibiting corruption, (d) Lack of education, (e) Poverty, (f) Absence of severe punitive measures, (g) Absence of environment conducive to anti-corrupt behaviour, (h) Structure of government, (i) Radical change. Whenever a value system is undergoing a radical change, corruption appears as a transitional malaise, (j) The state of society. Corruption in a bureaucracy reflects the total society.47

Although the above factors are the constituent elements in the occurrence of corruption, yet by themselves, these factors are not sufficient to explain the phenomenon. In his stimulating study of this problem, Braibanti has accumulated some concrete arguments against invoking them separately as an explanation of corruption. As he puts it, â€˜Their importance

lies in the fact that they are but elements in a complicated matrix of causes, each of which are of varying importance, depending on spatial, temporal and circumstantial factors.â€™[48]

The idea of the personal influence of leaders concentrically radiating virtue like pebbles causing ripples to the edges when dropped into a pool of water, inclines towards a highly optimistic view of human nature. In a simple tribal society the influence radiating from the leaders may reach the followers directly, without involving a network of complex factors of transmission. â€˜But in large, complex organizations, the virtue of the leader is not enough. The pristine quality of the image of his virtue is too easily tarnished and even eroded by the complexity of his indirect relations with his subordinates.â€™[49] There are several historical instances of good leaders with bad governments, and bad governments with good leaders.

The other factors noted are, on examination, similarly inadequate. Here we shall restrict our discussion to one social factor alleged to have contributed to corruption. This is the suggestion that underdeveloped traditional societies contain the institution of the gift which easily shades into corruption.[50] That this may happen need not be denied. What can be refuted is the tenability of the claim that this practice is one of those significant determinants of corruption arising from within the traditional context. It has been suggested that nepotism is a form of family obligation. â€˜To resist bribery and not to resort to nepotism may very well constitute avoidance of the responsibilities of customary citizenship.â€™[51] It seems to me that this is a misinterpretation, as the transfer of traditional norms into a modern bureaucratic setting is here considered as a continuation of traditional behaviour. The misinterpretation lies in the fact that such behaviour is not considered as an abuse of traditional norms, with the area of action being a modern bureaucracy. To substantiate this with arguments we must first look at the forms of corruption.

The aspects that corruption can take on are probably unlimited. Apart from direct bribing, extortive or otherwise,

the indirect approach is also interesting. The examples given in protests against corruption and abuses by some Dutch civil servants around the turn of the century in Java give us some interesting illustrations. This form of indirect corruption is based on the ingenuity in giving a plausible reason for accepting bribes. Thus a junior European administrative official on being transferred to another post, would put up his belongings for auction, and in such auctions a pen might fetch 100 guilders. An inkstand was once purchased by the manager of an oil company for 510 guilders, a cigar-cutter for 350 guilders, purchased by the manager of a tobacco company, and a globe for 600 guilders purchased by a manager of another tobacco company.52

Japanese writers on Japanese development, writing in 1951-1952, had noted some of the forms of corruption which were then current practice. Government officials well known to business and industry had no difficulty in finding attractive positions upon leaving government service.53 Expensive banquets and receptions came to be regarded as an essential part of official procedure. Payrolls were padded as a means of raising entertainment funds. In government public works, fifteen per cent of the total amount appropriated was said to have been spent on entertainment. There were five accepted ways of corrupting officials: i.e., to give them money, to allow them prestige, to give them drink, to give them food, and last but not least to provide them with lavish geisha entertainment. After World War Two some new forms of corruption emerged. These included the sending of gifts or presents to officials upon their arrival or departure, and on occasions like the birth of a child, and at mahjong parties where officials were allowed to win large sums of money by those seeking favours.54

In Malaysia, Singapore and Brunei, these forms of corruption are still operative. There is yet another form, which is to bet on a game of golf and lose to a higher official. The official who wins such a bet does not commit any crime. We have also the example of the sale of second-hand cars. Thus a subordinate would buy his superiorâ€™s car at a slightly higher price than that which he would have to pay in the open market, in return for assistance in obtaining promotion. Indirect embezzlement

of government funds through commissions delivered through a supplier or purchaser, depending on the nature of the government transaction, is common. Another form of embezzlement is padding travelling expenses. Hotels and restaurants are willing to provide false bills. Perhaps the most subtle form of embezzlement is the practice of making inspection trips or other official trips, when that minister or official himself decides when and how often trips should be made. By these means, claims for travelling allowances can be ensured to flow in, conveniently increasing the income.

The Gift

An exposition of the forms of corruption suggests that corruption, like a parasitic plant, will creep around any suitable firmament serving its purpose, and of all the possible firmaments the institution of the gift is the most obvious. But this fact alone does not justify the conclusion that the gift is an indirect causal agent peculiar to the region in the growth of corruption in underdeveloped areas. The gift is a universal institution. It is prevalent in western society as much as it is in other parts of the world. That there is no significant causal correlation between the gift and corruption is proved by the fact that the expansion and contraction of corruption has nothing to do with a similar occurrence in the field of gift behaviour. Furthermore, the indirect causal influence of a gift is multi-dimensional. It can turn people away from corruption, apart from attracting them to it. This point I will clarify later.

It is to be understood that here we are concerned with gifts offered in return for bureaucratic services. The following observation, an actual instance from Vietnam, serves our purpose: â€˜Although this is not the place to discuss the general problems of corruption of administrators, it is necessary to make a rather detailed analysis of this irregular element of the decision-making process. Before the arrival of the French, administration was set up so as to cost as little as possible and to keep intervention in the social life of the people to a minimum. This double principle is the result of the adoption of the idea of virtue as the basis of administrative action. In principle, the government demanded contributions from the people only to the extent that these contributions

were necessary to the functioning of the administration. This contribution was first made on a voluntary basis each time a citizen had occasion to ask for the services of a mandarin, but later became obligatory and uniform. Royal edicts regulated precisely the quality and quantity of gifts the communal or cantonal authorities were to make to the mandarin district chiefs on entering the administrative service, on New Yearâ€™s Day, on being promoted to a higher rank, on presenting a request, etc. Similarly, gifts were presented by the mandarins themselves to their superiors, progressively up the hierarchy to the king. It should be noted that there was a certain reciprocity in this exchange of presents: on less frequent and more solemn occasions, the king himself sent gifts to the high-ranking mandarins, who did the same to their subordinates, and so on, down the ladder.â€™55

It is apparent that giving presents was part of traditional administration. But the phenomenon differed sharply from corruption: (a) It was not committed in secrecy, (b) It was not a violation of duty or the rights of the public, (c) It was a form of revenue in which the government benefitted. Because of this, the government was assisted in remunerating the officers, (d) It was not an embezzlement of government funds or public extortion. The author, however, notes that there have been some decadent periods in Vietnamese history when the mandarins took advantage of their right to expect presents. However, during the reigns of good monarchs they competed to do good according to Confucian standards, and even made their families proud because of their poverty.56

The interesting point made here is the distinction between the abuse and the proper practice of the traditional institution of remuneration by gifts. Once this distinction is made, it is not difficult to imagine how corruption crept in. However, we must examine the significance of the institution of the gift as a source of abuse in the causal network of corruption in view of the fact that many other socially approved practices have been infiltrated by corruption. In a society dominated by a corrupt regime any traditional institution capable of being abused is invaded by corruption, particularly by extortion. In traditional Malay society, to cite an instance, certain areas of abuse were

conspicuous. These were the obligatory service for public welfare (kerah), gambling, entertainment, and attempted acquaintance with ruling power. The abuse of the gift institution, placed in its proper context, is then to be seen as part of an ever widening circle of corruption. There is no reason to single this out as a particularly striking example of corruption. At the point where the abuse of this institution becomes an intolerable burden, it is seen to be part of a general epidemic of corruption. Corruption spreads and develops as a multiform phenomenon and it is impossible for us to assess one form or one source in isolation.

The exaggerated significance given to the gift institution and the role of traditional family ties should be re-examined in the light of contextual and historical analysis. If they were so dominant, it is baffling how certain western countries have succeeded in restraining corruption despite the fact that socially approved traditional practices, theoretically vulnerable to an invasion by corruption, are still upheld. A valid explanation could be the breakdown of the feudal order and the rise of an impersonal and rational conception of the social order, supported by certain types of social change and social classes. But here this explanation breaks down. Within the context of the modern social order, and the familiar set of sociological factors invoked to explain the phenomenon as noted earlier, there has been the same process of expansion and contraction of corruption found in pre-modern society. The history of corruption in the United States is a convincing proof that corruption is not correlative with either pre-modern or modern conceptions of the bureaucracy, family ties, civic consciousness, the gift institution, or governmental ethics.

Furthermore, it is not true to presume that the demarcation line between corruption and proper conduct in underdeveloped societies is hazily drawn. If we take the Buddhist, Hindu or Islamic societies, we shall discover that there is a strong awareness and condemnation of corruption derived from the distinction between public and individual rights, and between right and wrong. Here I will give some examples from Islamic history, with which I am more familiar. Let me cite first the Qurâ€™an, on the subject of bribing judges. â€˜And do not

eat up your property among yourselves for vanities, nor use it as bait for the judges, with intent that ye may eat up wrongfully and knowingly a little of (other) peopleâ€™s property.â€™57 The Qurâ€™an insists that trustworthy people should be put in command, and that hatred or dislike for a party must not impede the execution of justice.58

Imam Ahmad Ibn Hanbal (A.D. 780-855), the founder of one of the great schools of thought in Islam, was well known for his uncompromising attitude towards corruption and the abuse of power. He was beaten and imprisoned by the Caliph Mutasim for refusing to agree on some theological points. He abhorred the post of judge, and resented receiving presents from the palace so much that he severed communication with his sons for two or three months because they secretly accepted gifts and money from the Caliph. During his lifetime and even after his death he exerted a great influence on the Muslim world, and was revered by both Christians and Muslims during his lifetime.59

The clearest expression of an attitude against corruption was perhaps the boycott against the office of the qadi (judge). Many Muslim savants avoided accepting appointments as qadis. â€˜We are told how pious people hurried away from Mesopotamia across Syria to Arabia to escape their threatened appointments as judges; such, among others, were Sufyan Thauri, who died in concealment, and Abu Hanifa who, in spite of the lash, would not accept a judgeship. According to Tabari, the traditions taught by Abu Yusuf were suspect, because he was a friend of a qadi. Under Al-Mahdi the Qadi of Medina was made to accept the post by public flogging.â€™60

Almost every aspect of a qadiâ€™s post was debated by pious scholars. Some maintained that the appointment should be paid; some, that it should not. Our modern ideas on corruption, the separation between public and private property, efficiency, civic consciousness, scrupulousness and responsibility, were continuously present all through Islamic history, though they were not always successful in preventing corruption and decadence. An Egyptian judge appointed in A.D. 761 would himself make a deduction in his pay whenever he had to take

time off to wash his clothes, attend a funeral, or do some other private work. To prevent corruption the Caliph Al-Hakim doubled the pay of a judge provided he did not receive a single dirham from the public.

The Maliki chief judge of Baghdad appointed in A.D. 915 accepted his appointment on the following conditions:

(a) that he would not be approached on behalf of anyone, (b) that he would not be compelled to pass an illegal order, (c) that he would not accept a salary.

Those who refused to accept a salary did so on principle. In A.D. 945, robbers broke into the house of the Qadi of Baghdad. Having found nothing in the house, they wanted to torture him. The Qadi fled to the roof and threw himself down to his death. Another Baghdad qadi, Abu Tayyib, shared a turban and a coat with his brotherâ€”when one went out the other stayed at home. To these pious judges, their service was a sacred duty to the community and to God.

Even during this period, the onslaught of corruption was noticeable among the judges. In A.D. 961, the local ruler of Baghdad sold the office of chief justice for 200,000 dirham a year. The first purchaser was alleged to have combined an ugly figure with an ugly conduct. He was accused of pederasty, licentiousness and drink. But his success did not last. The Caliph refused to see him, and two years later he was removed from office. His successor nullified all his judgments on the grounds that he had bought his office.61 Historically speaking it is apparent that there has always been a conflict between corruption and virtue, right up until the present day, especially in underdeveloped areas. An example from recent history is the effort of the African Muslim reformer and political leader Shehu Uthman dan Fodio, who was concerned with the Habe kingdoms in the eighteenth century. He attacked corrupt practices and the habit of giving presents.62

There are many instances of resistance against corruption from within a traditional framework, as well as examples of corrupt practices. It is not so much the institutional values that invite corruption, as other sociological factors. Hence it is doubtful whether we should focus the main explanatory observation on

the traditional institution of the gift. What is often forgotten is also the fact that when the traditional societies of Asia and Africa came into contact with western imperialism, many of them were already affected by corruption.63 The influence of modernization does not come in at all. In some instances, the situation was aggravated by western imperialism, but the corruption that followed has always been continuous with the past. Modernization and the rapid social changes accompanying it, when they invite corruption, do so in an already corrupt context. No doubt new problems are created and new forms of corruption emerge, but they do not justify an emphasis on these factors to the neglect of historical factors which may be more significant in an explanation.

The Prevention of Corruption

The most important factor in the dynamics of corruption is the moral and intellectual stature of the leaders of the society. This suggestion should not be understood in a naive sense. The moral and intellectual stature of the leaders becomes decisive and crucial within the configuration of other conditions. This factor has been noted by other students of corruption. What we are concerned with here is defining the pattern of relationships between the various conditioning factors of corruption, and to locate the position and function of leadership within that pattern.

We may note the following conditions which mitigate corruption, even if they do not effect an abolition: (a) A positive attachment to the government and a spiritual involvement in the task of national progress from both the public and the bureaucracy.64 (b) Efficient administration and the proper structural adjustment of government machinery and regulation so as to avoid the creation of sources for corruption, (c) Favourable historical and sociological conditions, (d) The functioning of an anti-corruption value system, (e) The inspiring leadership of a group with high moral and intellectual standards, (f) An educated public with sufficient intelligence to appraise and follow the course of events.

The above conditions could be increased if we care to expand the historical and sociological conditions. We shall do so in the

following case as an example, so as to be in the best position to see the pattern of relationships in the causal nexus of corruption.

In the history of British democracy, which was at one point seriously plagued by corruption, at least two mitigating factors were noticeable. During the eighteenth and nineteenth centuries, such factors were the rivalry between classes and the spiral inflation of corruption itself. Not only were votes paid for, but constituencies had been known to be sold to the highest bidder.65 It, however, gradually became too expensive to buy the electorate.66 The other factor was the invasion of the British Parliament by the nabobs, also through corrupt means. If corruption had continued, it would eventually have led to the displacement of the ruling class in England by what Lord Chatham declared as â€˜people without connections, without any natural interest in the soil, the importers of foreign goldâ€™, who forced their way into Parliament through a torrent of corruption against which no private hereditary fortune could compete. Another set of sociological conditions, this time favourable to the growth of corruption, is the result of rapid structural changes in the social order like those associated with the industrialization process, particularly when these are preceded by decades of indifference to illegal practices and immorality.

The American scene in the late nineteenth century, and in subsequent decades, bears a strong causal resemblance to the underdeveloped countries. â€˜In the latter part of the nineteenth century, colossal fortunes were falling into the hands of the fortunate, and those who could not wait for them to fall were reaching up and grabbing them. Old laws failed to serve new purposes, and most legislators lacked the intelligence, even if they possessed the will, to regulate the dizzy processes of industrial expansion. Even the financier who wished to be law-abiding realized that legal paths were too indirect to serve his purpose, and it was easier to dole out bribes to politicians who were far from loath to share in the orgy of acquisition. The control of mineral lands, of water power, or of municipal franchises might mean the accumulation of gigantic fortunes in a short time, and it was

no wonder that sharp-eyed businessmen, eager for wealth and power, ingeniously evaded or flauntingly defied the inadequate and feebly enforced laws of the land.â€™67

As regards the influence of government on the spread of corruption, the following factors are clearly contributive: (a) When government lets huge contracts containing terms which can bring fortunes to contractors, (b) When it collects very large sums of taxes hence offering temptations for bribes in exchange for tax reduction, (c) When it fixes rates for certain industries such as railroads, electricity and gas, as well as prices for a wide range of commodities. This leads to the dominant firms trying to control the rates and prices, (d) When it exercises power to select who shall or shall not enter into an industry, as in the case of radio, television, interstate trucking, and aviation in the United States, (e) When it grants loans or permits for plants or equipment to be redeemed out of taxes over a short period of time, (f) When it possesses power to allocate raw materials, (g) When government subsidies are paid either openly or covertly.68

The above then are the potentially corruption-fraught areas of government activity. All the factors we have so far discussed are not in themselves operative unless there is a sufficient number of individuals who seize an opportunity for corruption. Within the configuration of these factors, the moral calibre of the individuals concerned is decisive. Similarly, no structural or legal changes in government administration designed to fight corruption will succeed, unless there is a sufficient number of individuals of high principle occupying key positions vital to the success of the effort.69 The problem for a society desiring to get rid of corruption is precisely how to ensure a sufficient supply of such men and how to facilitate their rise to the vital positions.

During the era of the â€˜muckrakersâ€™ in America, the pioneers against corruption were men infused with a certain amount of idealism, courage, an intense hatred for injustice, a critical attitude towards the existing order, an optimism for success, and confidence of the power of reason and justice. The role of these men in changing the morality of the period must not be underestimated. In Britain, for instance, there was

never a period in the whole history of corruption in that country when there were not powerful forces fighting against it. The change in the historical and sociological context which discourages corruption can be translated into a living force only if there are effective and influential individuals to act as the catalyzing agents. In the absence of such a group, corruption will obviously continue to thrive. How to ensure a societyâ€™s steady supply of these individuals and to facilitate their rise to vital positions is always a central problem. Unfortunately sociology has hardly devoted any attention to this problem. Sociological and political studies of leadership, though fruitful in other aspects, have not significantly explored the area of corruption within ruling groups.

The point I wish to stress here is that since some attention has been devoted to the general causes and conditions of corruption as well as its effects and since a great deal of existing findings can be accepted as valid, through explanation from historical, political, economic, sociological and anthropological analyses of corruption, we need not remain within the hitherto existing radius of explanation. We can extend our radius to include what has been neglected up to now. This is the influence of charismatic and sacral personalities in the daily life of the masses. In Asia, for instance, we can still rely on functioning traditional institutions for the creation of such personalities.

These saintly and charismatic religious personalities have been the most important single factor mitigating corruption throughout Asian history, during periods when no other resistance was available. They did not strive for power or wealth, and hence their positions amongst the masses were strengthened by their disinterestedness. Whether it is in Islam, Hinduism or Buddhism, these people were those who kept alive the tradition of organizing thought and action in terms of impersonal, universal, and achievement-oriented values. It is not true to say that all Asian tradition is ascription-oriented. There is a mixture of both orientations, but in terms of bureaucracy the Asian societies developed more on achievement-oriented values.

It is true that the goals of achievement have not always been identical with those of the modern West, but these goals have not been strictly essential for modernization. The essential goals for modernization, such as efficiency, rationality, sustained effort and hard work, constitute the Asian value system just as much as filial piety, religious devotion, kinship solidarity, etc. The difference between Asia and the West in historical development were caused by factors more significant than the value systems of their bureaucracies. One of the most traditional and feudal bureaucracies, namely, Japan, subsequently became a significant agent of modernization. If this feudalism and bureaucracy were completely devoid of achievement goals it would hardly be possible for Japan to transform itself into a modern, efficient-oriented, industrialized society. It is a known fact that the modernization of Japan was initiated from above. The bureaucracy and the feudal lords played an active part in it after the earlier conflict with the feudal opposition section was resolved. The deification of the Emperor Meiji illustrates the point we wish to stress, as the Emperor became the nationâ€™s paragon to which the people attributed everything good. The reverence shown to the Emperor was as to a deity.

In a different social setting in which factors found in the Japanese configuration are not present, as, for instance, in many underdeveloped countries, the sacral personalities have yet a role to perform. Though they have not the power to influence from above, as had the Japanese Emperor until the mid-twentieth century, they have nevertheless the influence to prevent moral anarchy and corruption. The influence of revered leaders on development has always inclined to the positive. To clarify their function further, let us relate it to the discussion of whether the system or the individual is the more significant cause in the development of corruption. We shall consider the views of two parties, Sorokin and Lunden, and Lasswell and Rogow.70

Sorokin and Lunden, in their study of power and morality, offer the following generalizations: (a) When the morality and mentality of rulers and the ruled are measured by the same moral and mental yardstick, then the rulerâ€™s morality and

mind appear to be marked by a much stronger dualismâ€”by greater mental and moral schizophrenia than the morality and mentality of the members of the ruled populations, (b) The ruling groups contain a large proportion of the extreme mental types of the gifted and the mentally-sick than the rank and file of the ruled populations, (c) The moral behaviour of ruling groups tends to be more criminal and sub-moral than that of the ruled strata of the same society, (d) The greater, more absolute, and coercive the power of rulers, political leaders, and powerful business executives, labour and other organizations, and the less freely this power is approved by the ruled population, the more corrupt and criminal such ruling groups and executives tend to be, (e) With a progressive limitation of their power, criminality of rulers and executives tends to decrease.71

Sorokin and Lunden furnish us with some statistical data and discuss various aspects of the problem. The last two generalizations are of interest to us. It is suggested that the criminality of the rulers decreases in gravity and frequency with the limitation of their power. Thus democratic governments have a notably lower criminality than autocratic ones. If we take the crime of murder, particularly of relatives, for instance, the rate has been high. Of forty-three monarchs and Lord Protectors beginning with William I in England, and ending with George VI, about twenty rulers, or at least forty per cent, were guilty of murder. With legal and factual limitation of the power of English monarchs their criminality accordingly decreased.

The data from the United States likewise points to a higher criminality among men in power. In 1923, ten leading American industrialists and financiers held a meeting in Edgewater Hotel in Chicago. Twenty-five years later in 1948, all of them had ended their careers tragically. At least four were convicted in court or had committed suicide. Sorokin and Lunden are inclined to agree with the Actonian generalization that power corrupts and absolute power corrupts absolutely.

It is Lasswell and Rogow who somewhat challenge the truth of the above generalization. To my mind, their view is not a denial of Sorokin and Lundenâ€™s generalization. They only

insist that power does not necessarily corrupt while Sorokin and Lunden stress the influence of the system on the spread and gravity of corruption and crime. Lasswell and Rogow have been successful but it does not invalidate Sorokin and Lundenâ€™s conclusion that the system is decisive in the frequency and gravity of the different types of crime.

Sorokin and Lunden published their work in 1959, while Lasswell and Rogow published theirs in 1963. The absence of reference to the former by the latter was probably due to the fact that both works were prepared at almost the same time. Now, after a lapse of more than two decades, we are in the position to furnish further data that increases the complexity of the problem. Accepting the validity of both approaches, we are still beset by the problem of causes. We have numerous instances in underdeveloped countries where the increase of crime and corruption has taken place within systems which theoretically should prevent such crimes. It is apparent that no matter how fool-proof such a system may be, unless the individuals in it are infused by the rectitude value, those systems may be abused and corrupted. We may here subscribe to the following generalizations of Lasswell and Rogow: (a) If the leadership of the institution does not serve as a rectitude model, those belonging to, or serving in the institution may â€˜yield willingly or without much resistanceâ€™, (b) If the membership of an institution does not collectively enforce rectitude standards, the tendency towards individual corruption is increased, (c) Institutions of high and increasing prestige are more likely to attract ambitious men concerned with furthering their careers than corrupt men interested in promoting their personal fortunes, (d) Institutions declining in power or prestige are more likely to attract corrupt men interested in promoting their personal fortunes than ambitious men concerned with furthering their careers.72

It is apparent that the validity of Sorokin and Lundenâ€™s finding is relative to a certain context, and so is that of Lasswell and Rogow, who themselves emphasized the contextual approach. Now it is at this juncture, when a relatively adequate system is infested with corrupt power-holders, that the role of the charismatic sacral personalities

should come into play. When the courts are dominated by corrupt judges, when the police become predatory, when members of parliament are corrupt and indifferent, when the leading influential figures abuse their power, when there is no group for the public to have recourse to, then the sacral personalities, who are devoid of power and wealth, can act as the centre of radiation of such rectitude values. They become the only influential embodiment of ideal rectitude. It matters not whether they are dead or alive. Their influence is often stronger after they are dead, and their emotional appeal is deeply rooted. Their teachings and precepts are transmitted in language intelligible to the multitude. Stories about their lives and teachings inspire towards rectitude.

The governments of underdeveloped countries should make greater effort to spread the influence of these personalities through schools and other institutions. They should also disseminate information of past efforts against corruption as developed within their traditional culture.

Attempts of this sort should be considered as additional reinforcements to other means adopted in the fight against corruption, given that the goal is to achieve a just and equitable society. Because of the fact that such holy personalities can speak directly to the masses in familiar terms, their effectiveness is much greater than a dry philosophical discourse on justice. No great moral achievement in history has ever been accomplished by men whose source of inspiration is only what is provided by formal education. Great changes in history have been accomplished by men who have been inspired by other men. Whether it is the French Revolution, the American Revolution, the Russian Revolution, or the rise of the great religious civilizations, the inspiring influence of charismatic individual personalities transcending their times and places have all been the single decisive factor within a historical context.

Observers who do not participate in the actual day to day affairs of national development fail to realize the significance of individuals inspired by rectitude motives. It makes a great deal of difference to the country if a few courageous, efficient and honest individuals are occupying positions of power. This

is particularly so when a country is in a precarious situation bordering on outright corruption, and, when a strong, articulate and aggressive public opinion against corruption has not yet crystallized. To form this public opinion the mediation of the sacral personalities is extremely functional.

There is another aspect to this problem in which the sacral personalities can contribute to attaching a stigma onto corruption. I suspect that one of the effective influences against corruption in Western European countries is the apprehension involved in accepting gifts entailing an obligation to return the favour. As Mauss points out, the gift not repaid debases a man who accepts it, especially if he does so with no intention of returning it. Mauss noted that in ancient Germanic languages the word â€˜giftâ€™ was used to denote both gift and poison. â€˜The theme of fateful gift, the present or possession that turns into poison, is fundamental in Germanic folklore. The Rhine Gold is fatal to the man who wins it, the Cup of Hagen is disastrous to the hero who drinks it; numerous tales and legends of this kind, Germanic and Celtic, still haunt our imaginations.â€™[73]

The danger of accepting gifts was also felt in Oriental culture. We have already noted Imam Ahmad Ibn Hanbalâ€™s abhorrence of receiving gifts. An anxiety involved in the acceptance of gifts has been observed in many countries all over the world. It does not seem to be a difficult step to extend this sense of apprehension to affect the accepting of a bribe. We may thus claim that the traditional institution of the gift can work against bribery. The weakening of this element against corruption in Asian history was often caused by the ruling groups. The sages and the sacral personalities were powerless, but they derived merit from the fact that they kept alive the ideal against corruption. There has always been a continuous denunciation of corruption throughout Asian history.

A Digambara Jain teacher of the tenth century denounced bribery as the door through which all manner of sin would enter. In the teachings of Buddhism, bribery is equally condemned as stealing, cheating and killing. Sikhism, Hinduism and Islam all say the same thing. The rectitude trend

failed to dominate because the rulers were not interested in it. The authors of the Huai-nan Tzu, a philosophical work of the early Han period said to be compiled at the court of Liu Ann, grandson of the first Han emperor, around 122 B.C. aptly described the decisive influence of rulers in the promotion of rectitude values, or vices. â€˜The power to achieve success or failure,â€™ it says, â€˜lies with the ruler. If the measuring-line is true, then the wood will be straight, not because one makes a special effort, but because that which it is â€œruledâ€ by makes it so. In the same way if the ruler is sincere and upright, then honest officials will serve in his government and scoundrels will go into hiding, but if the ruler is not upright then evil men will have their way and loyal men will retire to seclusion. Why is it that people often scratch melons or gourds with their fingernails, but never scratch stones or jewels? Because no matter how hard they scratch stones or jewels they can never make an impression. In the same way if the ruler can be made to adhere to right, maintain fairness, and follow a measuring-line, as it were, in measuring high and low, then even though his ministers come to him with evil designs it will be the same as dashing eggs against a rock or throwing fire into water. King Ling loved slim waists and all the women went on diet and starved themselves. The King of Yueh admired bravery and all the men outdid each other in dangerous feats defying death. From this we may see that he who wields authority can change the customs and transform the manner of his people.â€™[74]

It was sacral personalities like Mahavira, Buddha, Christ, Muhammad, Nanak, Kabir, Ramakrishna, and numerous others, who inspired the scholars and sages to unceasingly maintain ideals of rectitude. It would be a great mistake to ignore their contribution and their relevance to contemporary problems of restraining corruption in underdeveloped countries. Those aspects of their teachings touching upon corruption should be emphasized, if the governments of the underdeveloped countries are really concerned with the problem of eliminating corruption and employing all means at their disposal against it. In the light of a contextual and historical analysis, it appears that the Asian traditions contain

values and articulate trends against bureaucratic corruption as well as other forms of corruption. It also reveals a certain degree of awareness as to the causes and function of corruption.

1. Sinar Harapan, Djakarta, August 28, 1967. The issue of September 3, 1967, suggested the involvement of three parties in this affair: the bank officials, the army officer and the suppliers. A photocopy of the cheque was printed.

2. Sinar Harapan, Djakarta, September 16, 1967.

3. Sinar Harapan, Djakarta, August 28, 1967.

4. Sinar Harapan, Djakarta, August 11, 1967.

5. Sinar Harapan, Djakarta, September 6, 1967.

6. Sinar Harapan, Djakarta, September 7, 1967.

7. J.S. Nye, â€˜Corruption and Political Development: A Cost Benefit Analysisâ€™. The American Political Science Review, vol. LXI, no. 2, June 1967.

8. Wang An Shih, â€˜Memorial of a Myriad Wordsâ€™ (Wan Yen Shu), in H.R. Williamson, Wang An Shih, vol. 2, p. 75, A. Probsthain, London, 1935.

9. See Ibn Khaldun, The Muqaddimah, vols. 1-3, tr. F. Rosenthal, Routledge-Kegan Paul, London, 1958. (Vol. 2 is of special interest.)

10. An instance at hand is B. Nogglеâ€™s The Teapot Dome, Louisiana State University Press, 1962. This is primarily a historical work. As a source of sociology insight, it is interesting although it does not furnish an analysis of the subject.

11. H.D. Lasswell and A.A. Rogow, Power, Corruption, and Rectitude, Prentice Hall, New Jersey, 1963. This is a stimulating work against the Actonian generalization that power corrupts. It also deals with other aspects of power and corruption of interest to the sociology of corruption.

12. W.F. Wertheim, â€˜Sociological Aspects of Corruption in Southeast Asiaâ€™, in his East-West Parallels, van Hoeve, The Hague, 1965.

13. W.F. Wertheim, op. cit., p. 105.

14. The term â€˜criminalâ€™, as used in this book, is not meant to be taken in the sense of a subjective value judgment. The criteria of evaluation are those upheld by the societies referred to, in our present context, Asia and the West. Their roots are to be found in the great religions such as Islam, Christianity, Buddhism and Hinduism, and in all the humanistic traditions of the western world. There is a wide range of agreement on fundamental values, and it is these values that serve as criteria to distinguish criminal behaviour from non-criminal behaviour.

15. One avenue for fraud is the claiming of excessive mileage allowance. This is usually done by increasing the frequency of trips, in the performance of duty. A civil service system like that of Malaysia or Singapore which allows mileage claims will have to face the problem of fraud in this respect.

16. Though we are here concerned with corruption involving government officials or officials of other public institutions, our concept of corrupt behaviour should not accordingly be restricted to such an instance. We can have corruption between public and public, as in the case of the bribery of voters by election candidates. But this is also a form of deception where the law of the country prohibits such practice.

17. â€˜A corrupt act violates responsibility towards at least one system of public or civic order and is, in fact, incompatible with (destructive of) any such system. A system of public or civic order exalts common interest over special interest; violations of the common interest for special advantage are corrupt.â€™ H.D. Lasswell and A.A. Rogow, op. cit., p. 132.

18. For instance, see Myron Weiner, The Politics of Scarcity, University of Chicago Press, Chicago, 1962; Herbert J. Spiro, Politics in Africa, Prentice Hall, New Jersey, 1962; O.P. Dwivedi, â€˜Bureaucratic Corruption in Developing

Countriesâ€™, Asian Survey, vol. VII, no. 4, April, 1967; N.H. Leff, â€˜Economic Development Through Bureaucratic Corruptionâ€™, The American Behavioral Scientist, vol. VII, no. 3, November, 1964; Colin Leys, â€˜What is the Problem about Corruption?â€™, The Journal of Modern African Studies, vol. III, no. 2, 1965; and D.H. Bailey, â€˜The Effects of Corruption in a Developing Nationâ€™, The Western Political Quarterly, vol. 19, Dec. 1966.

19. â€˜And while traditional gift-giving can be distinguished from a bribe of money, it is quite obvious that from the point of view of the giver the one has shaded into the other, so that although the practice has taken on a new significance, as the open gift of a chicken is replaced by a more furtive gift of a pound note, it is nevertheless an established fact of life, in which the precise nature of the rule-infringement is partially concealed by continuity with an older custom.â€™ C. Leys, op. cit., p. 225.

20. W.F. Wertheim, op. cit., p. 125.

21. Myron Weiner, op. cit., p. 121.

22. Myron Weiner, op. cit., p. 235. Weiner recognized the detrimental effect of corruption but saw it as not altogether detrimental.

23. This gentleman is sufficiently well-versed in Islamic thought and history. It is possible that he is aware of Muslim thought on corruption. Mustafa Ibn Abdullah, known as Katib Chelebi (A.D. 1609-1657), the Turkish scholar, had written an article on bribery and referred to earlier sources. Bribery was classified into (a) that which was forbidden for both parties, and (b) that which was forbidden to one party, namely the receiver. The latter was approved if the intention was to avoid harm. See Katib Chelebi, The Balance of Truth, tr. G.L. Lewis, Allen and Unwin, London, 1957.

24. C. Leys, op. cit., p. 222. His source is the Uganda Parliamentary Debates, 8, 11, November, 1963. Corruption was alleged by the opposition. Leysâ€™ article is quite interesting and provoking though vulnerable to certain criticisms.

25. Leys is definitely aware of this, as expressed in his article.

26. Leys, op. cit., pp. 220-221.

27. See pp. 221-224. There is some ambiguity in his use of the concept. Apparently he also employs a non-relativistic stand which is undefined when he states â€˜Corruption is relatively easy to conceal in the new states.â€™ What is the kind of corruption he has in mind here? That which is defined by the actor or the observer?

28. J.J. Senturia, â€˜Political Corruptionâ€™, in Encyclopaedia of the Social Sciences, vol. 3-4, 1960.

29. The above data on Latin America are derived from an excellent and stimulating study: Stanislav Andreski, Parasitism and Subversion, Weidenfeld and Nicolson, London, 1966.

30. S. Andreski, op. cit., p. 67.

31. S. Andreski, op. cit., pp. 67-68.

32. The father of a student in the countryâ€™s leading university informed me that it became an accepted practice for the students to contribute rice to the teachers. In addition to this the students offered piles of old newspapers which the teachers would sell. The teachers were frequently absent from class.

33. From the point of view of typology, this is an interesting novelty. This form of extortive corruption is indirect, collective and unconscious. There is no conscious transaction between individuals, giver and receiver. The victims cannot be said to be involved in corruption. This instance has not been widely confirmed.

34. According to the former Chief Minister of Sabah (East Malaysia), some timber tycoons were interested in his removal from office at the time when he was heading the state administration because they did not like his policy of renewing timber licences. He alleged that the annual licence lobby had strong political influence. The Straits Times, Friday, 16 June, 1967.

35. N.H. Leff, op. cit., p. 11.

36. The Malaysian Minister of Commerce and Industry, Dr Lim Swee Aun, had warned the pioneer industries that their tariff protection would be taken away if they abused it. He cited the cement industry as an example. Following an outcry of overproduction by the manufacturers, the government raised the import duty on foreign cement from RM12 to RM24 per ton in 1966, to give the local industry protection. However, the local industry raised the price of cement from RM52 to RM72 per ton. The Minister reacted by reverting to the previous import duty of RM12 per ton, thereby withdrawing the protection, after unsuccessfully attempting to get the local industry to reduce the price. He stated in Parliament that the government would take action against any industry which attempted to exploit the consumer by taking advantage of the protection. The Straits Times, Thursday, 22 June, 1967. In a country totally gripped by corruption, there would not be such a minister implementing an anti-exploitation policy. The exploitation would continue.

37. Malaysian Official Yearbook, vol. 4, 1964, p. 336, Government Printing Press, Kuala Lumpur, 1966.

38. The Malaysian Parliament has recognized the presence of corruption and the need to tighten the anti-graft law so as to widen the scope of people and activity liable to be punished for corruption. In the last session of Parliament certain allegations of corruption were made against some co-operative societies of government officers and one such society of the university staff. The Straits Times, Thursday, 22 June, 1967.

39. Factory X in Malaysia has been producing for years article Y of vital public necessity. The imported article Y costs about twice that manufactured by factory X. The quality, however, is at least twice better than the locally manufactured one. For the past several years no improvement of the local one has been noticed. If the import duty on the imported article were reduced so that the price is more or less equal to that of factory X, a genuine competitive setting would then be created, and in this setting factory X would disappear from the market. No amount of corruption will make people prefer its product. In an underdeveloped area the setting has always been (a) protection of local industry, or (b) competition between

unequal contenders, foreign and local. Whichever is the setting, corruption has never contributed positively to their efficiency.

40. N.H. Leff, op. cit., p. 11.

41. Neither the details nor the source were given of this instance. Other instances were referred to an expert in Latin American economic development, probably through personal contact. See N.H. Leff, op. cit., pp. 11-12, and note 7, p. 14.

42. S. Andreski, op. cit., pp. 230-231.

43. S. Andreski, op. cit., p. 231. The details on Peronâ€™s economic policy, in proceeding paragraphs, are also derived from here.

44. S. Andreski, op. cit., p. 231.

45. See O.P. Dwivedi, op. cit., pp. 251-253. The author suggests some positive influences of corruption, one of which is what he calls universalistic bribery advocated to replace ascriptive corruption.

46. S. Andreski, op. cit., p. 69. â€˜It must be remembered, however, that just as a body can tolerate a certain number of bacteria without suffering much harm, but succumbs to them once the white corpuscles can no longer keep them in check, so a society which can withstand sporadic graft suffers severe deformations once it becomes brazen and widespread.â€™

47. For a further detailed discussion, see Ralph Braibanti, â€˜Reflections on Bureaucratic Corruptionâ€™, Public Administration, vol. 40, 1962.

48. Ralph Braibanti, op. cit., p. 358.

49. Ralph Braibanti, op. cit., p. 358.

50. See an earlier reference in this paper to the views of Leys and Wertheim. For Spiroâ€™s view see his book, op. cit., p. 103.

51. O.P. Dwivedi, op. cit., p. 248. He was referring to the Indian example, how the norm of solidarity of the extended family is transferred to the civil service.

52. J. van den Brand, De Millioenen uit Delhi, Pretoria, Amsterdam, 1902. Quoted by Wertheim, op. cit., p. 118. According to Wertheim and Furnivall, corruption in the Netherlands Indies was, following this period, at its lowest. It was practically unknown, much in contrast with Burma. See J.S. Furnivall, Colonial Policy and Practice, New York University Press, New York, 1956, p. 269.

53. This practice is on the increase in Malaysia.

54. Chitoshi Yanaga, Japanese People and Politics, John Wiley, New York, 1956, pp. 317-318.

55. Nghiem Dang, Vietnam, Politics and Public Administration, East-West Center Press, Honolulu, 1966, p. 268.

56. Nghiem Dang, op. cit., p. 268.

57. Abdullah Yusuf Ali (tr. ed.), The Holy Quran, Ashraf, Lahore, 1938, vol. 1, 2:188, p. 74-75.

58. Abdullah Yusuf Ali, op. cit., 4:58, p. 197-198, and 5:9, p. 243.

59. W.M. Patton, Ahmed ibn Hanbal and the Minha, Brill, Leiden, 1897. â€˜He had a profound dislike to the receiving of money assistance from others, and took very little pains to secure money for himself. His happiest moments were those when he was left without a coin in his purse.â€™ pp. 178-179.

60. A. Mez, The Renaissance of Islam, tr. S. Khuda Baksh, D. S. Margoliouth, Jubilee Publishing House, Patna, 1937, p. 219.

61. A. Mez, op. cit., p. 223.

62. On his theory of government see M. Hiskett, â€˜Kitab Al-Farq: A Work on the Habe Kingdoms attributed to Uthman dan Fodioâ€™, Bulletin of the School of Oriental and African Studies, University of London, vol. 23, 1960, pp. 558-579.

63. Chinese scholars and historians had been aware of this problem. In numerous instances their views were interesting and instructive. Wang Fu-chih (1619-1692), a philosopher of depth and power, noted the ever recurring corruption of the ruling dynasties and governments so much so that even the

wisest sovereign would find it difficult to effect a speedy reform. It is regrettable that the historical trend of many contemporary sociologists studying Asian problems, particularly corruption, has ignored the discussions of Asian scholars on the subject. For the Chinese views, see W.T. de Bary, Wing-tsit Chan, B. Watson, (eds.), Sources of Chinese Traditions, Columbia University Press, New York, 1961.

64. W.F. Wertheim, op. cit., p. 130.

65. Ronald Wraith and Edgar Simpkins, Corruption in Developing Countries, Allen and Unwin, London, 1963, p. 66.

66. For more details on this, see W.B. Gwyn, Democracy and the Costs of Politics in Britain, Athlone Press, London, 1962.

67. C.C. Reiger, The Era of the Muckrakers, Peter Smith, Gloucester, Massachusetts, 1957, pp. 2-3.

68. P.H. Douglas, Ethics in Government, Harvard University Press, Cambridge, Massachusetts, 1952, pp. 22-23.

69. Chu Cheng-po, in his memorial submitted in 1895 after Chinaâ€™s defeat by Japan, emphasized the basic weakness, the incompetence and venality of officials. He said, â€˜In the present world our trouble is not that we lack good institutions, but that we lack upright minds. If we seek to reform institutions, we must first reform menâ€™s minds. Unless all men of ability assist each other, good laws become mere paper documents; unless those who supervised them are fair and enlightened, the venal will end up occupying the places of the worthy.â€™ W.T. de Bary, Wing-tsit Chan, B. Watson, op. cit., p. 737.

70. The views of the two parties are complementary. They illustrate respectively the different aspects of the problem. Taking their writings as a whole, they assimilated each otherâ€™s position. The presentation here is not to be taken in the sense of two opposite theories but as two complementary treatments of the same problem.

71. P.A. Sorokin, and W.A. Lunden, Power and Morality, Porter Sargent, Boston, 1959, pp. 36-37.

72. H.D. Lasswell and A.A. Rogow, op. cit., pp. 58-59. As apparent from earlier and following references, the views of Sorokin, Lunden, Lasswell and Rogow, have been anticipated by Asian thinkers centuries earlier. The interesting point is the increasing awareness of the complexity of the problem and the depth of analysis developed by modern social scientists.

73. Marcel Mauss, The Gift, tr. I. Cunnison, Cohen and West, London, 1954, p. 62.

74. W.T. de Bary, Wing-tsit Chan, B. Watson, op. cit., pp. 177-178.

Part Two

Corruption in Asia: The Human Cost

Corruption has inflicted suffering upon human society from time immemorial. From ancient Near East, Greece, Rome, China and India, we have ample evidence of the prevalence of corruption. Ancient China and the Roman Empire provide striking materials of it. Corruption affected their history in no small way. The frequent wars, the violent overthrows of ruling powers, the disorganization and breakdowns of societies, have always been related to corruption. It became crucial to the break-up of these societies in combination with other causes.

Corruption is essentially the abuse of trust in the interest of personal and private gain. When a public servant violates the norms of his duty in the interest of another party in return for inducement in monetary or other forms, he is said to have committed a corrupt act. It is an intentional violation of duty with the motive of gaining personal advantage by receiving a bribe or other benefits from a party in need of a particular decision affecting interests the public servant can bring about.

In the first part of this book, I divided corruption into three typesâ€”the extortive, the manipulative, and the nepotistic. Nepotism refers to the appointment of relatives or friends to positions for which they are not qualified thereby injuring the interest of the institution and those who are qualified. We shall not be concerned with this type of corruption here. Our concerns are the extortive and manipulative types of corruption. Extortive corruption refers to a situation where one

is forced to bribe, to defend, or gain oneâ€™s rights or needs. Manipulative corruption refers to the attempt to influence decisions in oneâ€™s favour, in any area of life.

If a social order is highly infected by corruption its level of welfare would then be very low. The reason for this is that corruption has such a devastating effect on the smooth running of a government administration. We are not concerned here with corruption as a clandestine, isolated, activity involving small groups of people outside the main centres of power. What we are concerned with is what I propose to call â€˜tidal corruptionâ€™. It is a corruption that floods the entire state apparatus involving those at the centre of power. Like the tide, it rises to cover wider areas and immerse the surrounding vegetation.

The extent and depth of corruption is visible to anyone interested in the subject. In a highly corrupt country practically all government public services involve corruption. There is a minority who by virtue of its position or influence is not subject to corruption. The rise in population further promotes corruption in the sense that it increases the demand for goods and services. The more the demand the more the corruption.

In the developing countries of Asia, the ruling groups manage to retain their power for nearly a generation if not longer. In most of these countries it takes more than twenty years to change a ruling group, if there is any change at all. Even if there is a change, the succeeding group is not of a different mentality as far as corruption is concerned. The stability of a corrupt regime thus helps to consolidate and intensify its corruption. This is a serious dilemma. It is true that Asia needs stable governments, but a government that becomes a tool of corruption would only convert that stability into an obstructive and destructive force inimical to development.

The period of Asian history I am concerned with is that after World War Two. The war and the independence of Asian countries from western rule figure prominently in the outburst of corruption characterizing the post-war period. Under colonial rule there was corruption but its dynamics and phenomenology took a drastic turn following the

independence of the country. This drastic turn was mainly due to: (a) widespread corruption during the war period preceding the achievement of independence, (b) the sudden increase in administration, (c) the sudden increase in opportunities for corruption at a bigger and higher scale, (d) the invasion of the different levels of leadership by people of low moral integrity, (e) the inexperience of leaders fighting for independence in building a clean and efficient government, and (f) the manipulation and intrigues of foreign financial and business powers through means of corruption.

The Case of India

The case of India is instructive from the above point of view. In 1962, several members of parliament referred to the growing menace of corruption in the administration. A committee was formed by the then Minister of Home Affairs, Lal Bahadur Shastri, headed by a member of parliament, K. Santhanam. The final report of the committee, called the Santhanam Report, was handed to the government on March 31, 1964. What concerns us here is the analysis of the causes of corruption and the measures suggested to prevent it. We shall select those parts relevant to our purpose. Henceforth this document shall be referred to as â€˜the Reportâ€™.

First, there is the difference between the past and present bureaucracies: â€˜In primitive and medieval societies the scope of public authority was small; many of the matters that were looked after by the community have now become a function of the state. The few authorities which existed for the collection of taxes, administration of justice or other purposes did not act according to any definite written laws or rules, but largely at their discretion subject to good conscience and equity and directives from the higher authorities. So long as the officials were loyal to the existing regime and did not resort to oppression and forcible expropriation, they were free to do as they liked.â€™[1]

Next, the corruptive influence of World War Two: â€˜The immense war efforts during 1939 to 1945 which involved an annual expenditure of hundreds of crores of rupees over all kinds of war supplies and contracts created unprecedented

opportunities for acquisition of wealth by doubtful means. The wartime controls and scarcities provided ample opportunities for bribery, corruption, favouritism, etc. The then government subordinated all other considerations to that of making the war effort a success. Propriety of means was no consideration if it impeded the war effort. It would not be far wrong to say that the high watermark of corruption was reached in India as perhaps in other countries also, during the period of the Second World War.â€™2

Before the war, according to the Santhanam Report, corruption was prevalent among the low-level officials. The higher ranks were comparatively free of it. Lack of fluid resources set limits to the opportunities and capacity for corruption. After the transfer of power at the time of independence, there was patriotism and high ideals. Attempts were made to check the spread of corruption. But it was thwarted by: â€˜Yet, various factors have operated to nullify in some measure the anti-corruption drive. The sudden extension of the economic activities of the government with a large armory of regulations, controls, licenses and permits provided new and large opportunities. The quest for political power at different levels made successful achievement of the objective more important than the means adopted. Complaints against the highly placed in public life were not dealt with in the manner that they should have been dealt with if public confidence had to be maintained. Weakness in this respect created cynicism and the growth of the belief that while governments were against corruption they were not against corrupt individuals, if such individuals had the requisite amount of power, influence, and protection.â€™3

The rapid urbanization brought about the weakening of rural values. Social controls resulting in the maintenance of frugality and simplicity of life were replaced by those encouraging materialism, impersonalism, status craving, greed for money and power, and an unwillingness to adhere to moral values. In this climate, the business and commercial classes, whose ranks were swelled by speculators and adventurers of the war period, exerted their corruptive influence. The salaried classes meanwhile experienced a decline in real income. A

large part of these classes belonged to government service. All these formed a fertile soil for corruption.

There were also the cumbersome and dilatory procedures and practices in the working of government offices. This gave rise to the â€˜speed moneyâ€™ type of corruption. â€˜Generally the bribe giver does not wish, in these cases, to get anything done unlawfully, but wants to speed up the process of the movement of files and communications relating to decisions. Certain sections of the staff concerned are reported to have got into the habit of not doing anything in the matter till they are suitably persuaded.â€™[4]

The scope and incentives for corruption were greatest at the points where important decisions that would substantially affect the fortunes of interested groups or individuals, were taken: such as in the assessment and collection of taxes, obtaining licences, contracts, or in orders of supplies. It was suggested that the corruption cost was between 7 to 11 per cent in undertakings done for the government.[5] The Report finally took into account businessmen and industrialists as the greatest corrupting influences on a major and organized scale. â€˜To these, corruption is not only an easy method to secure large unearned profits but also the necessary means to enable them to be in a position to pursue their vocations or retain their position among their own competitors. It is these persons who indulge in evasion and avoidance of taxes, accumulate large amounts of unaccounted money by various methods such as obtaining licences in the names of bogus firms and individuals, trafficking in licences, suppressing profits by manipulation of accounts to avoid taxes and other legitimate claims on profits, accepting money for transactions put through without accounting for it in bills and accounts (on-money) and undervaluation of transactions in immovable property. It is they who have control over large funds and are in a position to spend considerable sums of money in entertainment. It is they who maintain an army of liaison men and contact men, some of whom live, spend and entertain ostentatiously. We are unable to believe that so much money is being spent only for the purpose of getting things done quickly.â€™[6]

The Report further mentioned the activity of these contact men to subvert the integrity of government servants. â€˜The tendency to subvert integrity in the public services instead of being isolated and aberrative is growing into an organized, well-planned racket.â€™7 In addition to such attempts there was the offer of employment to retired government servants by the commercial and industrial sector. â€˜It is generally believed that such employment is secured in many cases as a quid pro quo for favours shown by the government servant while in service. It is also feared that highly placed government servants who accept such employment after retirement may be in a position, by virtue of their past standing, to exercise undue influence on government servants in service who might have been their colleagues or subordinates. The fact that some of these retired government servants who have accepted employment with private firms live in Delhi and perhaps operate as â€œcontact menâ€ has further heightened these suspicions.â€™8

The Report was written amidst a surrounding of corruption which had even gone to the schools, colleges and the courts. It had reached such proportions that a large majority of people doubted whether it could be eradicated. Corruption was all pervasive. â€˜In our country,â€™ said Dr S. Radhakrishnan, who was then President of India, â€˜moral life is shaken to its foundations. Love of wealth and power has gained wide acceptance. Most of us live on the surface of life with no moral earnestness.â€™9 There is hardly any corner of Indian life which has not been defiled by corruption.

Let us start with the houses of worship. A colossal amount of gold and grain were donated to these houses of worship. Some, no doubt, was used for maintaining the shrines, providing relief for the poor, assistance for pilgrims and money for the salaries of temple workers. But a good deal was embezzled, systematically and cynically. The most dumb-founding incident was the disappearance of 40,000 acres of land belonging to the Brihadeswara temple in Thanjavur, Tamil Nadu.10 Both Hindu and Muslim religious endowments were attacked by corruption.

All sections of government bureaucracy had been infected with corruption. Some high police officials auctioned remunerative police stations to the highest bidding subordinates. Some jailers broke prison rules. One government agency bribed and swindled another. Elections were full of fraud. Leading smugglers helped the political parties in elections. This rapid increase of corruption in India gave smuggling and other criminal gangs a foothold in Indian society. The illegally earned money they accumulated was converted into lawful use through legitimate business.

The smugglers had set up a huge and powerful undertaking. This undertaking paralleled government in its area of operations. The smugglers had at their disposal fleets of vessels, counterintelligence networks, thousands of carriers, armed men, social security systems, insurance companies, and a banking system. Smuggling on such a gigantic scale could not have been carried out without the connivance of influential politicians and bureaucrats.11

Agents were encouraged to obtain government assistance to open poultry farms near landing creeks used for dumping contraband. One smuggler had a 44.72 hectare farm in front of a customs house where contraband goods were dumped.12 In the words of an author, â€˜Smuggling in India is not a fringe economic activity of a few persons in search of easy affluence. It is an industryâ€”a sub-economic systemâ€”in which the Congress and the rest of the power elite comprising lakhs of peopleâ€”big and smallâ€”have a vital interest.â€™13

The black marketeers also had their influence in Indian politics. They joined a political party, became office bearers, and eventually controlled the party. They donated to the parties which did not have independent sources of income. Once entrenched, the black marketeers would seize any available opportunity: the disposal of goods illegally produced, theft of relief food or other materials, hoarding and the release of selected commodities, and trade in money. Black marketing operations were more significant apparently in iron, steel, cloth, cotton yarn, man-made fibres, cement, fertilizers, aluminium, sugar, molasses, motor vehicles, coal and paper. Scarcity of goods, coupled with dishonest industrial practices

to perpetuate the scarcity, was the main cause of the black market operation which assumed staggering heights after the mid-1960s.14

The Cost of Corruption

The Indian black market with its smuggling operation is characteristic of the pattern of corruption with foreign exchange and import control. The inhumanity resulting from corruption in a country already facing serious problems in fulfilling the minimum requirements of daily living, is too horrible to imagine. Consider food relief in times of famine deflected to the black market at the cost of human lives. Consider the adulteration of vital drugs which leave patients of serious diseases untreated. Consider the corruption in schools, what it did to the minds of the students.

The students are introduced into the world of corruption at a young age. Principals usually prefer children of parents who can dispense patronage or favours, as well as those who can pay. A list of rich children in each class is maintained and they are sought after for the purpose of selling fund-raising tickets. â€˜In some schools teachers squeeze out gifts from students. The good-old practice of giving flowers to the teacher has been replaced by giving her a watch, an imported pen, lipstick and even a sari.â€™15

The events described here are from Delhi, the capital of India. Those who register for school far outnumber the available vacancies. Nevertheless registration is not discouraged for it brings revenue due to the fees. Admissions are not based on the results of the written test. At times questions are leaked out to certain people the school wishes to oblige, or marks are raised. The illegal fees without receipt vary between 2,000 and 12,000 rupees, depending on the prestige of the school.

Children who fail the annual examinations are promoted after the vacation by the principal. Such are the perks for those who are in the corrupt assembly. For those who are not yet dragged into the assembly, low marks are deliberately given to force them to get outside tuition. Wives of government officials, journalists, or police officials, from whom the school may

hope for return favours, find it easier to get jobs than a serious and brilliant B.A. graduate.

Admission to the university is also a big racket. Eighty per cent admission to the university is on merit and the other 20 per cent is reserved for the scheduled caste and outstanding sportsmen who have represented the state. However, this rule is abused to suit the corrupt. â€˜In every college in Delhi University, it is estimated that 20 per cent of the admissions are on bogus certificates. Boys from influential families and student leaders who have failed to make the merit list get a certificate stamped by a Councillor that he is a scheduled caste. This is registered at the Deputy Commissionerâ€™s office by paying a small bribe to the clerk on duty. Children of well-known leaders got admission on these bogus certificates. When they were caught, the file containing the bogus certificates could not be traced.â€™16

The use of bogus credentials, the tampering with examination marks, the manipulation of admission requirements, are all fairly prevalent. The same state prevails in the courts. According to the estimate of an advocate, 95 per cent of the staff in the lower courts are corrupt. One mode of bribing a judge is to sell coveted goods at a low price. Thus, an imported television set originally bought for 7,000 rupees on the black market is sold to the judge for 3,000 rupees.

In the transportation and building industries, corruption has one of the most fertile soils. Here the corrupt elements in the opposition parties also share the spoils. What is called â€˜hush moneyâ€™ is paid to the opposition not to expose violations of the construction laws. A whole network and organization is set up for the huge corruption syndicate. Bureaucratic positions favourable to corruption are referred to as â€˜wet postsâ€™. An officer is supposed to stay not more than three years in such a post. However some stay much longer because they can function as stooges for councillors or bureaucrats.17

In a society totally gripped by corruption, everything that is possible to corrupt is seized for the purpose. The forms and manifestations of corruption are beyond description. New ideas are continually added. Corruption becomes an industry.

Like an industry it seeks to create a public demand. Hence new rules and legislations are added to existing ones for the purpose of corruption. Every time a new rule or law is created and public dependence on officials is required, it is a welcome source of corruption.

A clear instance of this kind of manipulation is the size of the passport. Passports are made thinner and smaller so that more can be squeezed from the public who need them. In highly corrupt countries, it is not easy to get a passport. The sooner the passport is used up or expires, the better it is. This is, of course, not easy to prove for there are always other reasons offered.

The climate created by corruption favours the luxurious growth of an innumerable variety of crimes, including murder. Thus a student in Pakistan killed an invigilating teacher who detected him copying from notes illegally brought into the examination hall. In another case, a private tutor attempted to impersonate a student and appeared in the examinations. This tutor was apprehended and subsequently convicted.18

The relation between crime and corruption is well-documented. But more serious than the extortion racket organized by criminal syndicates is the extortion carried out by government servants. In a corrupt society, extortion is the order of the day. Extortive corruption is the most prevalent type of corruption. It is also the most pernicious type when innocent members of the public become its victims. Extortion spreads into the various professions once it is all-pervasive in government administration.

The nature of this extortion is complex. The rich and fertile imagination of the wives of corrupt officials furnished yet innumerable patterns woven into the fabric of extortion. The husbands are already busy squeezing the main juice but the wives manage to squeeze further ingredients from the source. An interesting instance is a case of Alphonso mangoes from Bombay. A senior industrial executive in Rajasthan parcelled locally obtained mangoes in such a manner as to make it appear that the parcel was sent from Bombay and presented it

to the wife of a secretary of a ministry because the said lady yearned for mangoes from Bombay.19

Another form of corruption executed through extortion is the use of official servants for private purposes, a situation highly cherished by wives of officials. An aged bureaucrat complained that some servants refused to wash dishes and undergarments of ladies. They must be made to cooperate by fear of termination of service or tempted by some extra money, food or accommodation. He said that the use of official servants at home enhances the prestige of the ladies in the eyes of other women.20

As stated earlier the forms and manifestations of corruption are so numerous that it would be impossible for us to discuss them in their totality. What we shall do here is to give some random illustrations as background to the discussion to follow on the effects of corruption. These illustrations have been selected from India, not because India is considered as the most corrupt, but only because the Indian materials are readily available. Furthermore, my impression is that the corruption problem has been most discussed and written about in books in India, more than in any other Asian country. The venality and rapacity of corruption in Pakistan, Bangladesh, Indonesia, the Philippines and Thailand, to mention some of the countries with a high degree of corruption, are as serious as those of India.

In terms of efforts to wipe out corruption, though far from successful, India appears to be more active than the other Asian countries mentioned. The modus operandi arising from the Indian experience are generally the same as in other Asian countries. So are the types of corruption. The boldness with which corruption is executed is also striking in some instances. There are differences concerning the targets of corruption, such as the government-owned oil company Pertamina in Indonesia, and the kind of political system intertwined with the corruption activity. As far as modus operandi are concerned, there is a great deal of similarity.

According to M. Halayya, of the three Indian defence services, the army, the navy and the air force, the army is the least

corrupt. Corruption in the army is most pronounced in the supply section. The Army Supply Corps unit handles on an average five to seven million kilograms of various types of food articles, and of these fresh vegetables alone constitute about a million kilograms. â€˜Officers in charge of processing these supplies will not accept the fresh ration from the contractors unless the latter grease the palm of the former to an adequate extent, no matter how exactly the fresh ration conforms to the specimen ration. The contractors are kept in constant fear that the highly perishable fresh ration may be rejected in which case the loss will be thousands of rupees and, in certain cases, even lakhs.â€™21

The Case of Malaysia

This reminds me of irregularities of supply for the Malaysian army in East Malaysia. One concerned instant noodles, for the period of January 1977 to December 1978. The contract prices were RM4.90 and RM3.90 respectively per packet while the average price in Peninsular Malaysia for that period was only 14 sen. The Ministry of Defence had really been cheated. The government could have saved RM962,000 had this item been bought in the peninsula and then transported to East Malaysia.22

Another rather dubious instance suggested for further investigation by the Auditor-General was the sale of 11,517 pairs of ankle leather boots in good condition but no longer used by the Army. This was tendered together with twenty-nine types of minor motor vehicles spares. The Ministry of Defence received only one offer for all the items. The Tenders Board met and decided to accept the offer. But before this, the Tenders Opening Committee prepared the papers for consideration by the Tenders Board. The items to be disposed of by the Army were entered into two pages of the tender forms. Twenty-two of the twenty-nine types of motor vehicles spares were identified in quantities. Seven types of spares were not identified in quantities. The boots were also not identified in quantities. Both these items not identified in quantities appeared on the second page.

The amazing thing was that the Tenders Board with incomplete information given by the Tenders Opening Committee, decided to accept the offer from the sole bidder. How much was the offer? RM120! A shock should have followed and caused a mental earthquake amongst members of the Tenders Board. The original cost of the 11,517 pairs of boots alone was about RM146,000. Forgetting the original cost of the twenty-nine types of motor vehicle spares, just taking the cost of the boots, it meant that the sole bidder paid about 1.04 sen for each pair of boots. If we include the cost of the spares, that genius of a bidder must have paid minus one sen for each of the items.23

Amongst the irregularities noted by the Auditor-General was negligence in keeping records of navy stores to the point that it was impossible to ascertain whether items from the stores were properly issued. The lament of the Auditor-General applies here as it does to the irregularities concerning supply, when he said, â€˜Although I have for several years been reporting to ministries and departments and to the Treasury about the extent of irregularities in the supply of fresh rations, no action has to my knowledge been taken to stop such abuse as described in the preceding paragraphs, and this practice has cost and is continuing to cost the government several million dollars a year.â€™24

I have heard such laments of Auditors-General in Malaysia for at least two decades. I believe the same applies to government auditors in other Asian countries. The auditors alone cannot do anything but expose the irregularities. From the Malaysian audit reports alone, there is sufficient grounds to suspect that corruption is firmly entrenched along the usual points of the decision-making chain in the administration where big expenditure is involved. But the situation in Malaysia is not as bad as in Indonesia, India and Pakistan. The tentacles of corruption have not seized the general public in the manner that they did in India and the other countries.

To illustrate how corruption enters the life of an individual to the extent that it becomes horridly oppressive, let us take the life history of an Indian in business, Mr Ram Narain.25 We begin with his return from overseas. He paid the full custom

duties on the articles he brought with him. However, on those he sent by sea, he asked a friend to clear them for him at Bombay and gave him Rs. 4,000 for this purpose. The friend only spent Rs. 500 and returned the rest to Mr Ram Narain. He was told that it was the prevailing practice at the port. As a result of the bribe, the goods were understated in value.

Mr Narain became a close confidant of a very rich businessman and industrialist and managed to arrange the use of all the manâ€™s cars, jeeps, trucks, manned by drivers, and provisioned with ample supplies of oil and petrol, for the political party of an influential minister in the state, at the ministerâ€™s request. The same minister requested a generous contribution in 10 rupee notes, so that it would not be easy to trace. After this Ram Narain was involved with various negotiating activities for his firm involving bribes and services, one of which was to arrange for a minister and his family to stay for two months in one of the companyâ€™s bungalows.

Then he had also to think of the various presents to key officials and their families on occasions such as weddings. After a while, Mr Narain became a lawyer and acted as a legal adviser for the sale of a house which was for 5 lakhs of rupees. He was asked to leave vacant the space for the price in the saleâ€™s deed. After registration the parties returned to pay Mr Narainâ€™s fees. The document recorded a sale of 2 lakhs. The sub-registrar did the job with Rs. 5,000.

From the law practice, Mr Narain moved to government service as a top official in the state government. One day he dismissed his domestic servant but was unable to make him vacate his quarters. He then filed a civil suit against the ex-servant, waited for several years, got a decree in his favour and tried to get it executed. Meanwhile, a message was conveyed to him that a goodwill fee for the ejecting official was expected. He paid Rs. 200 for this.

Another much more serious incident happened to Mr Narain. His maid servant committed suicide by poison following ill treatment by her drunkard husband. He saw to it that a decent burial was given to her and in addition gave the husband Rs.

500 for other expenses. A month later a police constable turned up and quietly informed him that he had committed an offence for not reporting the suicide. However, the entire episode would be hushed up if he would give Rs. 500 to the sub-inspector of police. He paid the amount.

In a corrupt society, corruption enters into our lives at frequent intervals and at several intersections. The child is already exposed to its damaging effects while in primary school. Corruption becomes part of the visible scenery. An entire generation of children grows up under its shadow. What this would do to the personality of the individual is certainly something to worry about.

A general description of a corruption-ridden society is helpful, to enable us to sense the atmosphere and feel the gravity of the situation. An Indian observer said: â€˜Corruption is the largest single element to be found most in India. All roads, from the maternity hospital to the crematorium, smell of corruption. No individual is free from it, no area can be found where corruption is not a ritual.â€™26

Corruption becomes such a force that it conditions the socialization process of the younger generations towards a negative direction. Another observer described the Indian situation applicable to other corrupt countries. She said, â€˜In my opinion a nation whose young cannot find direction because nobody is capable of giving it is doomed. So they go one better in corrupt ways than their forbears. They have new techniques, a new loss of Indian innocence and a lack of religious feeling which aid them in this. Their ideal is total materialism, even when they profess communism or socialism and let all ideologies drown in sparkling glasses of scotch and whisky! The upper classes set this pattern and then follows the worker. Out of need, out of total lack of security he too becomes corrupt, even a petty thief.â€™27

The Case of Pakistan

In Pakistan, the situation is much more odious because the corrupt pay lip service to religion. A Pakistani observer, appraising the ignominious state of his country, sadly stated that Islam in Pakistan is only in theory, in recitation, in prayers

but not in the moral behaviour of the people. The influence of the leading classes, the hypocritical religious leaders, the scheming professionals, the greedy businessmen, the extortionist bureaucrats, has steadily increased the momentum of corruption. The accounts of corruption in Pakistan resemble those of India. However, Pakistan is a state created anew during the partition period. As such it is easier to trace the changes in the intensity of corruption. In the beginning the amount of bribery was small and it concerned mostly lower-ranking government staff. But with the passage of time the course of bribery increased and close relations developed between the giver and receiver. They formed gangs and teams, cells and agencies to arrange their corrupt dealings. Government officials and businessmen developed ties of partnership. Large-scale transactions then started to take place. The services of touts and brokers came into being. In the early stages corruption was done in secrecy and shyness but later it was practised in broad daylight in government offices.28

As in India, corruption in Pakistan affects all walks of life. The courts, the revenue departments, the police, the health services, the railway, the customs, the telephone service, the postal service, the professional services, were all vigorously dominated by corruption of the most extortive type. Amongst the lawyers, corruption took the form of wrong advice, bribery of court and police officials, at times including judges and magistrates, and also the opponentâ€™s advocates. A common device was to entangle the clients into complications that cost them a lot of money.

In the medical profession, the manner was to squeeze as much money as possible from the patient. Specialists and surgeons attached to big hospitals prefer the patients to come to their private clinics first, settle their bills, and then they would be helped with admission into the hospitals. For operations, patients making such arrangements would get preferential treatment. Others had to wait days to get their turn.

In the education system, we have the familiar leakage of question papers. Examiners were bribed by students to obtain the required marks. In addition, some teachers forced tuition upon students and extracted loans from them. The religious

teachers and leaders lacked moral character. They depended on gifts from rich and corrupt people. Some even advised their corrupt patrons that it was all right to juggle income-tax figures, to bribe and protect their rights. They declared that the government and its laws were un-Islamic and as such businessmen, as subjects of a wrong and aggressive government, may juggle accounts, conceal their profit and wealth, and use bribes, to avert the unjust action of an erroneous government.29

The juggling was also applied to a personâ€™s age. The guardians of candidates appearing before examinations tampered with the youngsterâ€™s age so that he could remain within the age limits prescribed for entering government service. In other instances, the age was decreased so that one could stay longer in government service. All these recurring expressions of corruption made people dislike the government and even the democratic system.

A religious scholar once suggested that election by popular vote should be prohibited and declared religiously unlawful (haram). On the premise that 80 to 90 per cent of the people were corrupt, invariably a candidate that stood for election would be corrupt. Thus election was for the corrupt, of the corrupt, and by the corrupt.30 It was because of disgust towards corruption that the people and the army initially welcomed the introduction of martial law in 1958.

An elaborate screening operation of government officials was afterwards carried out. But no sooner was this done when corruption returned in full force. The screening had the effect of preparing the soil for a more luxuriant growth. This was due to the fact that certain seeds with a great potential for survival passed the screening net and then vigorously regenerated themselves. As the corrupt officials were grouped together with those of integrity after they passed the screening, the corrupt acquired prestige and status. They further exploited their positions to bigger advantage. â€˜This explains the growing incidence of corrupt practices after a short lull during the early years of the first martial law administration.â€™31

Corruption in Pakistan has now attained devastating magnitude. The misery and human suffering caused by corruption are beyond description. The state which was formed at great cost to human lives and suffering attending the partition tragedy is now being abandoned by tens of thousands of its skilled and unskilled manpower. The brain as well as the brawn drain from Pakistan is truly impressive. This is one of the serious consequences of corruption which greatly affects the pace of development in the developing societies. The great harm corruption is doing to development is as clear as daylight. It does not require ingenuity and scholarship to recognize what is obvious. A very clear instance of the harmful effect of corruption to development is furnished by Indonesia. We shall single out for attention certain incidents, as the general condition in Indonesia is the same as in India and Pakistan.

The Case of Indonesia

In the first part of this book, I discussed some of the instances of corruption in Indonesia, many of which are similar to those of Pakistan and India.

The harm done by corruption towards development in Indonesia was highlighted by the Report of the Commission of Four, set up by order of President Suharto on 31 January, 1970. The President himself dwelt upon the danger of corruption and the harm it could inflict on the state. Corruption, according to President Suharto, is immoral and obstructive to development. He said that corruption in Indonesia almost totally dominated the life of the nation and the state, particularly before 1966 (the Sukarno period).32

The Commission of Four was entrusted to advise the government on how to increase the effectiveness of the measures taken against corruption.33 Between 18 and 25 July, 1970, an Indonesian daily, Sinar Harapan, in Jakarta, published the reports of the Committee to the President, apparently before they were officially announced by the government. The daily took this action in the name of public interest.

We shall consider some of the observations made by the Commission on the government-owned oil enterprise Pertamina and some injurious activity in the logging industry. The Committee noted the corruption and inefficiency affecting Pertamina. It failed to resist foreign manipulation to push down the price of crude oil. Pertamina did not observe its obligation to transfer 55 per cent of its net profit to Dana Pembangunan (Development Fund). It paid its taxes according to its own assessment in amounts not reflective of its earnings. Contractual agreements entered into with foreign oil companies were not favourable to Pertamina. It appeared as though Pertamina was acting purely as a body to offer facilities to the foreign companies. In the clauses of the agreement on profit and production sharing, Pertamina was continuously linked with its obligations. The clauses on rights referred more to the foreign company. The obligations included assistance to obtain visas for the foreign personnel of the company.

The account books were to be surrendered to the foreign company. The purchase of materials to carry out the contractual exploration was not in the hands of Pertamina. At the time of the report, Pertaminaâ€™s area of operation was very extensive. It carried out oil production and marketing activities, as well as profit and production sharing with thirty-four other foreign oil companies. Amongst the irregularities committed by Pertamina was the non-payment of taxes. Between 1958 and 1963, Pertamina did not send in tax returns. In 1964, without submitting tax returns it paid Rp. 35,855,500 tax. The same amount was paid in 1966. By 1967 the tax debt of Pertamina was Rp. 1,344 billion.

It did not meet the obligation to the Development Fund, stated in its charter. For nine years, beginning 1958, Pertamina did not contribute anything to the Development Fund. It contributed in 1964 and 1965. It was then estimated that its deficit for 1970 would be US$17 million. The Commission of Four found serious indications of corruption and irregularities. For instance Pertaminaâ€™s internal auditor became also the contractor for the Pertamina hotels. It owed the government millions in taxes and other returns.

Next came the logging industry. In June 1970, 165 companies were issued licences to log with a capital of US$106.65 million and Rp. 285 million to cover an area of 9 million hectares. There was a logging boom then. The logging activity was not properly conducted. The Indonesian licence holder would sell his rights for a fee of US$5 for each cubic metre of log to a foreign broker. This foreign broker would then contract his right to a third party who did the actual logging job. The original licence holder, whose gain was much smaller than his foreign contacts, did not pay the royalty and the licence fee. Hence, the government lost from this source.

In addition to the above, the jungle was being destroyed by indiscriminate cutting and destructive practices. The Department of Agriculture then warned that 27 million hectares of jungle land was already destroyed and covered by wild grass. Irregularities and corruption found in the teak logging industry brought great losses to the government through cheating. The higher quality export timber was classified as local so that it could be sold cheaper. The wood was deliberately sawn in such a manner that it fell outside the export specification. The teak was also exported as logs thereby reducing government revenue. In short, despite the logging of high quality teak, officially the government received a lower quality production figure and sale amount. Both the buyer and the seller benefited from this deception.

We have seen the prevalence of corruption in some of the Asian countries. In the entire developing region of Asia, Singapore is the only government practically free of corruption. Thailand, the Philippines and Malaysia are facing the problem of corruption. Apart from Singapore, of all the developing countries of Asia, corruption is least pandemic in Malaysia. The fear is that it is growing. Since 1957, the year of independence, corruption has definitely been growing in Malaysia. We see numerous political figures and others amassing wealth through being in office. It is public knowledge that there is a great deal of corruption going on in customs, the highway police, immigration, the courts, the land office, the supply acquisition units of the various ministries,

the religious departments in the states of the federation, and the road transport offices.

Corruption in Malaysia has not reached the Indonesian and Indian proportions to the degree of systemic malignancy. The daily needs of the public can still be obtained without corruption. The day-to-day business with any government authority can still be conducted without recourse to bribery for the vast majority of people. But bribery will come in at the level of business and special favours. The salary of government servants is sufficient at least for basic needs. In Thailand and Indonesia, the salary of government servants is not sufficient for the month. The insufficiency of salary induces low-level corruption. But the fact is that this very insufficiency is the effect of corruption. According to Admiral Sudomo, currently Minister of Manpower in the Indonesian Cabinet, the Indonesian government would be able to pay its civil servants sufficiently if taxes are properly collected.[34] The prevailing corruption caused the civil servants to receive salaries less than their requirement. Apparently the salary of civil servants is an indication of the degree to which corruption has rotted the body politic.

When corruption is very deep rooted and impresses the observer with its pervasiveness and assertive autonomy, the feeling is created that corruption has become a way of life. The next step is to try to excuse it, or even to justify it. I once heard in a conference the suggestion, from an Indonesian participant, to postpone the elimination of corruption.[35] The argument was that corruption helped to build a middle class. This middle class was believed to be the backbone of stability. Consequently he suggested to postpone, in the crucial phase of economic development, excessive action aimed at eliminating corruption.

The above view was put forward after about one decade of total systemic corruption in Indonesia. The well-known statesman and former vice-president and prime minister, the late Dr Mohammad Hatta, noted for his opposition to corruption, wrote in the fifties that corruption had run riot through Indonesian society, infecting many government departments. Workers and government employees whose

wages and salaries were insufficient for their daily needs were being exploited by corrupt elements. Businessmen with economic morality were pushed back. â€˜Bribery and graft have become increasingly common, to the detriment of our community and our country. Each year the government loses hundreds of millions of rupiahs in duties and taxes which remain unpaid as a result of fraud and smuggling, both illegal and â€œlegalâ€™â€ .36

Corruption and the Human Personality

The prevalence of total systemic corruption has, as one of its effects, the weakening of the will to fight corruption. This weakening of the will manifests itself in various forms, such as resignation to the climate of corruption, attempts to relate it to preceding institutional and cultural norms, or to rapid development, or even to such things as the creation of a middle class. It is also generally accepted amongst those whose will is weakened that the repudiation of corruption is a western trait. The writings of some western scholars have contributed to this weakening of the will to fight corruption. They talk about corruption being functional to development.

The truth is the opposite. One of the most serious effects of corruption greatly affecting development is the brain drain. Corruption creates the conditions conducive to the brain drain in combination with other factors.

The dominant motivation of the brain drain is the sense of insecurity arising from an immoral social order, a corrupt environment, a decadent atmosphere, an indifferent dominant value system insensitive to professional self-esteem. The conditions generating this sense of insecurity act as a constant pressure operating under the climate of corruption. Lack of respect for constructive values among those in power and the general neglect and unconcern for the public good inevitably result in the emergence of conditions corrosive of security. The minority who are able to migrate are few but more find such conditions unbearable.

It would be helpful to learn of the vast majority trapped in the corrupt society under the most debilitating climate of

corruption. How does corruption affect them psychologically and individually? What does corruption do to the human personality? It was in 1952, in Teheran, that I first became interested in the effects of corruption. At that time corruption was rampant. Government servants had not been paid their salaries for months and months. Yet the high officials went around with big cars, owned houses and entertained themselves outside.

Subsequently, I visited Indonesia where corruption had also taken root. I became interested in knowing its effect on the personality of the victim as well as that of the perpetrator. A distinction has to be made here between a victim and a partner of corruption. When a businessman willingly bribes a government official to accomplish a saleâ€™s transaction, he becomes a partner of corruption. When a citizen has to bribe to acquire a passport, he becomes a victim of corruption. The passport is his right for which he has to pay illegally. There is no question of favoured treatment here. There is no question of his taking away other peopleâ€™s rights. The injustice committed is solely against himself, not against others. He becomes a victim of extortion.

It is the effect of this extortive corruption that tells on the personality, particularly if you have to go through life passing successive points of extortive corruption. The first effect is the rise of a pessimistic attitude. The future is full of uncertainty. The law and ethical norms are not there to protect the individual. Honesty, hard work and self-development do not help to increase happiness, security and welfare. After going through a few years of such an experience, the surrounding corruption becomes a phenomenon like the climate, something abiding and beyond human ability to change. When this mood spreads among the population, the people become passive and inert. They accept a life dominated by evil.

Gradually their feelings become insensitive to virtuous ideals. Their social conscience is numbed. There is loss of faith in moral ideals and government. People accept government as an unavoidable evil from which not much good can be expected.

Within this setting there is usually a small minority that rejects corruption and feels that it is against human dignity. Against this minority the advocates of corruption never cease to labour. They try insidiously to make people accept corruption and to belittle the moral ideal. They say corruption is an Asian way of life. The impersonal and efficient concept of bureaucracy is a western import. The distinction between public and private interest is a western attitude foreign to the Asian mind.

Anything from the cultural tradition of their society would be manipulated to suit the interest of corruption. It was suggested that the gift offered to officials in Asian societies of the past was never considered objectionable. What happens now is only a continuation of this practice of the past. However, one thing was forgotten. In the past, side by side with the gift, there was also such a thing as corruption. The ancient Asians made a distinction between the gift regulated by custom and corruption. There was such a thing as bribing judges in ancient times.

The gift which was publicly given was often reciprocated by the recipient. It was not done in a clandestine manner. It was not intended to injure the rights of others. It was not the same as bribery. I had seen this happening many times in Java during my childhood days. The secret advocates of corruption intended to make the people consider corruption as an Asian way of life by pointing to the institution of the gift as its foundation.

One of the most devastating effects of corruption is the chronic inefficiency and bureaucratic personalization. It was suggested with the blessing of some sociologists and political scientists that Asia knew no impersonal and achievement-oriented bureaucracy in the past. The modern bureaucracy and its impersonal norms are said to be the creation of the West. This suggestion is based on complete ignorance of Asian history. How many times did the Chinese sages advise the emperor not to go to his nephew, but to the tailor in order to make a suit? Indeed no emperor was known to have preferred his nephew to occupy the post of general in the army above a proven warrior.

The norms of efficiency and impersonal rule were present in Asian history. They were often violated in the areas the ruling classes considered not crucial to the maintenance of their power. Even a tyrant would not appoint his father-in-law head of the secret police if he was stupid. He would appoint his father-in-law as lord of a lucrative province. There are countless instances showing that the norms of integrity and efficiency belong to the general Asian tradition. The teachings of Hindu, Buddhist, Islamic and Chinese sages are excellent sources of the anti-corruption outlook.

In the attempt to differentiate between western and Asian tradition some observers have drawn the line too far. Some have gone to the extent of creating a picture which has no existence in real life. One such picture was drawn by Bronowski of the Japanese. He had a very unusual impression of the Japanese. According to him the Japanese would never understand why anyone would want to know of anything. The easterner is a person who has no interest in fact. Bronowskiâ€™s judgment is so unbelievable that it serves us well to cite him. He said: â€˜The cultures of the East still differ from ours as they did then. They still belittle man as individual man. Under this runs an indifference to the world of the senses, of which the indifference to experienced fact is one face. Anyone who has worked in the East knows how hard it is there to get an answer to a question of fact. When I had to study the casualties from the atomic bomb in Japan at the end of the war, I was dogged and perplexed by this difficulty. The man I asked, whatever man one asks, does not really understand what one wants to know; or rather, he does not understand that one wants to know. He wants to do what is fitting, he is not unwilling to be candid, but at bottom he does not know the facts because they are not his language. These cultures of the East have remained fixed because they lack the language and the very habit of fact.â€™[37]

That Asian culture belittles the individual, that it is indifferent to the world of facts, that it does not value the effort to understand, is part of the general stereotyping of the non-western world by those who should have known better. This misunderstanding has also affected the perception of

corruption by Asian culture. It was also suggested that the Asians have a different sense of public morality. What was missed is the fact that the prevalence of corruption and maladministration in Asian societies was a violation of the norms rather than an expression of them. When it comes to western societies as early as those of ancient Greece, the prevalence of corruption was considered a violation of the norms.

Time does not permit me to present the teachings of Asian sages and thinkers against corruption. I am confining myself here to the theme of corruption and its effects on the human personality. There are many kinds of effects on the personality, one of which is the sense of powerlessness and self-abasement. In 1975 my wife visited India, a country with a proud and glorious tradition. She accompanied a friend to a hospital to visit someone there. In the waiting room she overheard an animated discussion between a doctor and a man who wanted to admit his wife on account of a mental breakdown. My wife understood the language spoken. The man was agitated because the doctor insisted on a bribe in order to admit his wife. Finally the man agreed after haggling about the amount.

Let us imagine ourselves to be in such a situation. How would we feel? We become the object of a cruel and overpowering exploitation. We are in the most dependent condition, in need of help. Yet what we get is a cruel exploitation. We have to accept it for there is no other way out. The sense of disgust, anger, disillusionment, injustice, inflicted cruelty, and abasement for having to give in, whirl within us but yet there is no possible outlet of expression. The suppression of our inner frustration and anger at the surrounding injustice affecting us will inflict psychological as well as somatic wounds on our person. This probably explains the fact that there is such a high incidence of hypertension in very corrupt societies.

The most alarming fact is the ease with which the personality is converted into the destructive type. It is a law of life that it is easier to destroy than to build. It is easier to destroy a personality than to build one. The most pernicious influence of

corruption is the fact that it also makes its victims depraved. They become part of the system. If they later hold positions of power they themselves abuse it. There are many of the younger generation who, growing up in a corrupt society, become corrupt themselves after being subjected to extortive corruption during their school days.

This is a psychological truth. If ten children were subjected to cruel treatment at home, most would be cruel later to their children. Only a few would not. The biggest problem in a corrupt society is that the system inducts by far a greater number than it repels. Hence the prospect of changing it becomes more and more remote. The grave crisis in corruption-ridden Asian societies is truly the absence of the correct human type.

The problem of the correct human type transcends the problem of ideology, cliques, or political policies. Before anything else you need an honest man. No matter which ideology, which clique or which policy prevails, as long as the human type expressing it is corrupt, the problem will remain. That is the reason why it is difficult to change a corrupt society within half a century despite political changes of the ruling groups. On the contrary, the half a century may be taken up by the further growth of corruption as clearly indicated in many Asian countries. The 35 years that have elapsed since World War Two in the Asian region are characterized by a vigorous growth of corruption.

This growth is further abetted by the prolific multiplication of the corrupt human type occupying positions of power and authority. The ruling power breeds its own type. If you have the negative type in the beginning they will multiply like rabbits. Once this takes place it will be very difficult to change except through a successful revolution dominated by the right moral type. Even a successful revolution would have great difficulties in keeping corruption under control. In the very process, the corrupt human type, which was earlier deprived of the opportunity to exploit power, would do the utmost to gain control.

Finally, I would like to bring the readerâ€™s attention to an observation in the final report of the Bumiputra Malaysia Finance Committee of Enquiry on the problem of the Bumiputra Malaysia Finance loans scandal. The case of the BMFâ€”in which the greed and perfidy of a few individuals, with their deceit, fraud and subterfuges, managed to siphon RM2.5 billion (US$1.02 billion) through dubious loans from a single institution, the BMF, through the Carrian Group in Hong Kongâ€”is well-known throughout the world. I believe there is nothing comparable to it in the annals of corruption. The government White Paper on this affair highlighted the fraud and malpractices that started in 1979 and ended in 1982. In January 1984, the Prime Minister of Malaysia named a three-man committee of enquiry following allegations that an estimated US$1.02 billion, given as loans to the Carrian Group in Hong Kong, involved the payment of some consultancy fees to some members of the board of directors of BMFâ€™s parent company, Bank Bumiputra Malaysia Berhad.38

The entire BMF Report deserves special study. Here I would like to highlight one of the committeeâ€™s significant observations, that laws alone are not sufficient to guarantee a healthy and proper climate and public confidence. The law requires a complementary human type to enforce it in line with its spirit. The committee in its report emphasizes that legal controls in themselves are not sufficient. The personal quality and integrity of those entrusted with management are even more important.39

This point is highlighted in the first part of this book, first published in 1968, that rational and efficient laws alone are not enough to prevent the onslaught of corruption. In the last analysis, the successful prevention of corruption requires office-holders of high moral calibre. Neither can be without the other. This has been forcefully presented by Wang An Shih, the great Chinese Prime Minister and reformer of the 11th century.40

1. Report of the Committee on the Prevention of Corruption, p. 6, Ministry of Home Affairs, Government of India, New

Delhi, undated.

2. Ibid., pp. 6-7.

3. Ibid., pp. 7-8.

4. Ibid., pp. 9-10.

5. Ibid., p. 10.

6. Ibid., pp. 11-12.

7. Ibid., p. 12.

8. Ibid., p. 200.

9. SADACHARâ€"Movement for Purity in National Life, p. 5, Ministry of Information and Broadcasting, Government of India, New Delhi, 1964.

10. Suresh Kohli, ed., Corruption in India, p. 43, Chetana Publications, New Delhi, 1978: See the chapter by Inder Malhotra.

11. Ibid., p. 87. From the contribution of Dev Dut.

12. Ibid., p. 87.

13. Ibid., p. 88. Dev Dutâ€™s chapter â€˜In Politiesâ€™.

14. Ibid., see the contribution of Balraj Mehta, â€˜Black Market: Black Moneyâ€™.

15. Ibid., pp. 110-111. From the contribution of Usha Rai.

16. Ibid., p. 111.

17. Ibid., p. 114.

18. M.A. Azam, The Anatomy of Corruption, p. 7, Society for Pakistan Studies, Dacca, 1970.

19. Narendra K. Singhi, Bureaucracy: Positions and Persons, p. 205, Abhinav Publications, New Delhi, 1974.

20. Ibid., p. 207.

21. M. Halayya, Emergency: A War on Corruption, p. 40, S. Chand, New Delhi, 1978.

22. Report of the Auditor-General, Federal Government, Malaysia, 1977, p. 124, Kuala Lumpur, 1980.

23. On this see ibid., p. 126. All this was done by the civilian branch of the Defence Ministry.

24. Ibid., p. 125.

25. The name is fictitious but the instances are based on true happenings. This account is from M. Halayya, op. cit., pp. 61-68. It is presumably derived from K.N. Subramaniam, â€˜The many faces of corruption,â€™ The Economic Times, Bombay, September 2, 1973, cited in the footnote.

26. In Suresh Kohli, ed., Corruption in India, p. 67, op. cit., From the contribution of Chatana Kohli.

27. Ibid., p. 105. From the contribution of Vimla Patil.

28. A. Rashid, Corruption in Pakistan, pp. 2-3, 1965. This small booklet was published apparently by the author himself. Though he seemed not to be familiar with the English language, many ideas he tried to express are interesting and reflective of the problems around him.

29. Ibid., p. 24.

30. M.A. Azam, op. cit., p. 19.

31. M.A. Azam, op. cit., p. 6. Members of the new ruling clique were also actively corrupt.

32. Amanat President Soeharto dalam Sidang Kabinet Paripurna 31 Januari 1970, Djakarta, Departemen Penerangan Republik Indonesia, Djakarta, 1970.

33. The Committee members were S.H. Wilopo (Chairman), I.J. Kasimo, Prof. Ir. Johannes, and A. Tjokroaminoto. The advisor was former Vice President Dr Mohamad Hatta.

34. This was told to me in a meeting with him at his office in Jakarta on August 24, 1982.

35. International Conference on Southeast Asian Studies, February 23-26, 1972, University of Malaya, Kuala Lumpur.

36. Mohammad Hatta, The Co-operative Movement in Indonesia, pp. 84-85, Cornell University Press, Ithaca, 1957.

37. J. Bronowski. Science and Human Values, pp. 57-58, Julian Messner, New York, 1956.

38. On this scandal, see Appendix A.

39. Appendix B. For the source, see BMF Committee of Enquiry Final Report, vol. 2, p. 942. Bank Bumiputra Malaysia Berhad, Kuala Lumpur, 1986.

40. See p. 6 of this book.

Part Three

The Struggle against Corruption

Since 1957, corruption has steadily increased in Malaysia and also the rest of the ASEAN countries, with the exception of Singapore. There are clearly identifiable reasons why corruption has not taken root in Singapore. Of course, the social, economic and historical conditions of Singapore differ greatly from those of the other ASEAN countries. It has been suggested that the small size of Singapore has made it easier to control the problem of corruption. But this is only partially true. Other small island states are known to be corrupt. Before the present regime came to power, there was a lot of corruption in Singapore going back to earlier decades.

The point to remember is that throughout the Third World there has been a prolific increase in corruption since World War Two when most of the countries in the Afro-Asian region attained independence. Eighteen years have elapsed since the first edition of this book was published. The general theoretical framework of corruption presented then still remains valid. New and more complex cases of corruption have emerged. The BMF affair serves only to confirm the observation made by Wang An Shih and others before him.

There have been comments and references made in the Indonesian press to the issues relating to the stages of corruption raised in the previous edition of this book, which has seen two Indonesian and one Japanese translation. It is felt that Indonesia is approaching the last stage when corruption becomes self-destructive; when the corrupt themselves find corruption a problem. When you acquire wealth through corruption and invest it in business, you do not want that business to be threatened by corruption. It is known that American crime bosses are increasingly investing in legitimate

and clean businesses because of the security it provides. However, I do not believe that Indonesia has reached that stage when there will emerge a strong resistance to corruption to the point of becoming a great political force.

For Third World countries, corruption will remain the number one problem for a long time to come. It is necessary to awaken public awareness to the danger posed by corruption. The phenomenon has to be studied from all angles. Justice Sardar Muhammad Iqbal, the Federal Ombudsman of Pakistan, has called for a crusade against corruption by every member of society.1 The problem of corruption is being felt more and more. The editorial of a Pakistani weekly reflects the mood and desperation of those against corruption. It quotes Prime Minister Mohammad Khan Junejo who has repeatedly said that corruption is a deep-rooted disease requiring determined efforts on the part of the government to combat it. The issue has been debated in the Pakistan National Assembly. Some organizational apparatus have been set up. The various solutions suggested to overcome the problem reveals the confusion and inadequate knowledge of the nature of corruption.

It is useful to quote in full what the editorial says on this matter. Commenting on the setting up of organizational apparatus to combat corruption, it says: â€˜But beyond that it is hard to find any ray of light at the end of the tunnel. Each elected member has a panacea of his own. The so-called religious lobby vigorously advances the theory that hastening the process of Islamisation would end it once and for all. Another group, to which the Minister of Finance also belongs, believes that in decentralization of powers and deregulation of procedures lies the real answer. Still others claim, somewhat naively perhaps, that enforcement of simple living among public servants would discourage the get-rich-quick trend and a system of proper accountability would finish it and so on. There is nothing wrong with all these ideas except that their efficacy has always been in doubt. The process of Islamisation has been tried, and tried under martial law, and it has had little effect. In fact, it has sometimes been alleged that the machinery of martial law itself has been tainted by it. The

proposal of decentralization and deregulation, despite having been discussed for months, is nowhere near materialization. The public servants dealing with contracts, permissions, permits, etc., are not likely to part with their powers without a fight and, if forced to give them up, are not expected to become saints overnight. Other ways to feather their nests are likely to be found. The campaign for simple living, first thought of and promoted during the early Ayub Khan days, soon came to an ignominious end.â€™™2

The attempt to wipe out corruption is not a simple drawing up of a programme of action. It is a fight against the corrupt, clinging to their position, subverting measures against corruption. It is a struggle for survival of two contending groups, the corrupt and those against it, in a manner of jungle warfare in the dark, where the enemy is not seen but nevertheless is fighting back with all its might.

Again let us hear the editorial: â€˜The task gets complicated by other factors, some of them actually indicative of lack of sincerity in certain seats of power. One should, for example, try to find out why the provinces have avoided the appointment of their own Ombudsmen. Surely, it poses no administrative problem to them. The only answer that appears plausible is that they do not want their administrative machinery to come under the scrutiny of an impartial body. Then again, it would be of interest to note why the streamlining of the revenue and police departments is resisted. Does the answer lie in the fact that both these institutions are used for political ends and any diminution of their authority would reduce their usefulness as political tools? Even more disconcerting are rumours that some of the elected representatives themselves are not above corruption. They, it is alleged, undertake to help supplicants for a price. One hopes that such rumours are without any basis but, if true, from where does one begin the process of reform? Determination to root out corruption is one thing and to find the means to do so another. But a few things are obvious. The Federal Investigative Agency and the anti-corruption cells and wings and departments have been tried again and again and, for various reasons, have been found wanting. It would not serve

any purpose to harness them again to the task. This does not, however, mean that there is no way out of the dilemma. Some suggestions, including those offered in these columns on many occasions earlier, are worth trying. But, apart from that, much more than a sound resolve is required. It requires a lot of courageâ€"courage to probe even oneâ€™s friends and colleagues. No one is likely to believe such resolutions unless the process starts right from the top.â€™3

The development of corruption in Pakistan reflects what is going on in the rest of the Third World countries. As corruption increases, more and more pronouncements are made against it with not much effect. About three years ago, President Zia of Pakistan publicly acknowledged the incidence of corruption in Pakistan society, and expressed his determination to root it out. In one of his later speeches, he reluctantly admitted that his efforts had met with less than success.4 Among the measures he attempted was to orientate public functionaries to a sense of rectitude by encouraging prayers and spiritual cleansing of the soul, which, it was hoped, would improve the behaviour of public servants.

The editorial of the weekly earlier cited observes the following: â€˜But as of now there is no sign of this cancer responding to the treatment. If anything, it seems to be spreading even further. It is not easy after all to change the morals of the people with just the message of the truth. The Prophet Noah could not bring even all the members of his family to the path ordained by God. And Christ, despite all the miracles at his command, won only twelve disciples to his cause during his lifetime. So if one has any doubts about the efficacy of the measures aimed at moral reformation of our society, one should not immediately be dubbed as being anti-religious and a pessimist. But luckily the crusade that the President launched was not confined to a programme of moral reformation alone. He ordered anti-corruption cells to be set up in each government department. He promised stringent punishments for the guilty. He appointed a Wafaqi Mohtasib at the federal level, etc. But except for some limited success achieved by the Wafaqi Mohtasibâ€"limited because he was given only limited powers (fairly large areas being placed

outside his jurisdictionâ€”nothing else seemed to have worked). So it is quite understandable that when Prime Minister Mohammad Khan Junejo took up office, among the very first tasks that he assigned himself was the eradication of corruption. He has not had time, of course, to chalk out a programme of action yet. And it would be unwise to venture a guess about the prospects of his success, but the point to be noted is that he deems it to be a major national problem.â€™5

Then the National Assembly of Pakistan decided to debate the issue. Again it was observed: â€˜But one thing is apparentâ€”no one has so far stood up and claimed that the official machinery is not completely rotten. In fact, everyone seemed to agree that even those areas of the public sector which were relatively free from corruption in the past, such as those of education, had now been afflicted by it. The most notorious agency was, of course, said to be the police.â€™6

Some months later, in March 1986, reacting to the news that a committee was to be formed to determine the causes of corruption and make recommendations to the Cabinet, the weekly listed several types of corruption, one of which is what we have called the extortive type. â€˜The police, certain categories of our judicial machinery and lower level employees in the land revenue department fall into this class. Among these functionaries the police have the further advantage of extorting money from even those who may not be a party to any dispute. Threat to involve an innocent person in criminal cases does the trick. In such deals between the givers and takers of bribes, although the victims of injustice are apparently the only sufferers, in a broader perspective, it is the reputation of the government that suffers.â€™7

The preventive measures which have been earlier tried and thought about apparently were not effective. We shall again quote the weekly, for it summarizes the general difficulty found elsewhere in Third World countries. The editorial says: â€˜There are no universal cures. It has been suggested that had punishment for a corrupt official been made more stringent than just a simple dismissal from service, he would have mended his ways. Confiscation of property and imprisonment of the guilty has been suggested quite often. There may be

some merit in this but it does not tell us how to catch the corrupt. There are whole departments riddled with corruption. How should the guilty in such departments be caught when everyone is a party to it and would do everything to protect the others? Divesting them of personal discretion, dismantling of controls, use of automatic computers and other modern machines for evaluation of works and receipts and payments of public funds have also been suggested before, though never tried. The least effective has been the so-called social and moral reformation campaign conducted with a lot of fanfare during the past two or three years. And although this has again been proposed on the floor of the National Assembly, the chances of its success are virtually nil. Idealism may have some value for the idealistically inclined but is of little use to the hard-boiled cynics who constitute the majority of the corrupt. In the end, we would like to suggest that if serious headway towards the containment of this evil in our society is to be made, then one should not set about covering the same ground which has been covered again and again since the days of Ayub Khan.â€™8

An Ombudsmanâ€™s Experience

The practical difficulty surrounding the effort to get rid of corruption is enormous. It comes from all sides. The biggest is the obstacles arising from a corrupt and inefficient bureaucracy. Any effort to correct injustice and reduce the suffering of the victims should be attempted however limited its success may be. The experience itself is valuable and revealing. An example is the institution of Ombudsman in Pakistan which was begun in August 1983. Wafaqi Mohtasib Sardar Iqbal recounted some of his illuminating experiences in his annual report for 1984.

In 1984, he received 38,030 complaints. During the year, positive redress was provided in 2,048 cases while complaints dismissed were 1,942 and the rest under investigation. â€˜Some notable cases are also briefly mentioned in the report. Compensation of Rs. 5.5 million paid to landowners of Attock, whose land was acquired many years ago. Sale of rotten government wheat stopped to prevent human consumption. Financial compensation paid to a public servant for the mental

torture suffered by him. Many insurance policies withheld by Postal Life Insurance paid to policy-holders. Multan landowner paid compensation after 13 years. Zakat ensured to 100 poor persons who went without stipends for five months. Millions of rupees, disputed by National Savings and nationalised banks, credited to account holders. Electricity restored to a mosque after two years. Telephone connection given after 24 years. Long delayed compensation of Rs.15 million to landowners in North-West Frontier Province (now known as Khyber Pakhtunkhwa). Discontinued express train resumed on public demand. Action against corrupt officials of Pakistan Steel Mill. Millions of rupees paid in pending rebates and refunds in customs duty and income tax. Restoration of a public servantâ€™s pension after 19 years etc. etc.â€™9

In a sea of corruption, the above may appear like drops of rain but the multiplying effect is more than what is shown by the figures. Justice Sardar Iqbalâ€™s meetings with complainants was a moving experience. Never in his life had he come across so much suffering and distress.10 At least the institution of the Ombudsman could provide some hope, however small it might be, for the struggle against corruption. We know that a successful struggle against corruption depends more than anything else on the will of the ruling class. In its absence, the public has to generate the pressure. The institution of the Ombudsman can help to do precisely this, to awaken public morale which has been hitherto suppressed by innumerable obstructions.

A most significant obstruction is a corrupt and servile press. What the press can do is tremendous. Justice Sardar Iqbal paid his heartfelt tribute to the press for its support and for publicising his decisions. This, he said, had aroused the public and made it aware of its administrative rights and the bureaucracy to feel accountable to the public. However, there are various other obstructions such as a lack of financial and personnel resources. Another obstruction has been noted earlier, that of the unwillingness of the provinces to introduce the institution of Ombudsman.

In his 1983 report, Justice Sardar Iqbal revealed that 50 per cent of the complaints came from provincial sources. The

excesses and corrupt practices of provincial authorities required the urgent attention of the Ombudsman as much as those of the federal. Yet the jurisdiction of the Ombudsman was limited to the federal agencies. â€˜It is tragic to contemplate that almost 3,900 citizens aggrieved at the hands of the provincial bureaucracies have stayed without any relief from the Ombudsman because he had no jurisdiction to look into their cases. It is tragic also to contemplate that complaints against provincial agencies have continued to pour into the Mohtasibâ€™s office in spite of repeated reminders to the contrary.â€™11

At the time of writing this book, I do not know whether this strange situation has been rectified. It definitely weakens the attempt to eliminate corruption. A very fertile source of corruption, bureaucratic delay and inefficiency, which has been mentioned in the first part of this book, was widely prevalent in the provinces. Justice Sardar Iqbal sees bureaucratic delay as a serious problem encouraging corruption.

Another very serious impediment in the fight against corruption is public hesitation to come forward. As Justice Sardar Iqbal observes: â€˜There is no dearth of talk about corruption which, no doubt, exists. However, it may be noted that the real victim of corruption is often the government itself. Both the corrupter and the corrupted benefit from this nefarious practice. Understandably, the beneficiaries are reluctant to lodge complaints which partly explains that only a small number of concrete complaints have been made about corruption. It would be interesting to observe that in the majority of cases where allegations of corruption have been levelled, we have not been receiving any reply on return call for confirmation.â€™12

But this hesitation to come forward is often the case when the forces of corruption are still dominant and all-pervasive. Added to this is the dampening of morale by the leniency of court judgments against the corrupt. A case in hand is that of a minor functionary in the office of the Deputy Commissioner, Lahore, found guilty of taking bribes and sentenced to two years of rigorous imprisonment by a trial magistrate. This

sentence was reduced to two months by the High Court in answer to an appeal by him. Not satisfied with this, the defendant appealed to the Supreme Court against the conviction. The Supreme Court upheld the conviction and in its concluding observation stressed the need to deal with corruption with an iron hand. It pointed out that the common man was hesitant to report cases of extortion for fear of reprisal and involvement in litigation. When he took the risk of reporting, he discovered that the punishment given was light and this had the effect of inducing corrupt officials to continue with their practice.

The editor of the weekly cited earlier has this to say: â€˜The Supreme Courtâ€™s observations underline a problem that has not received much attention in our society. There are myriad causes of flourishing corruption in our midst, but an important one is that the punishment is seldom commensurate with the enormity of the crime. Given the wide powers enjoyed by all levels of bureaucracy, it is not easy for an ordinary citizen to take the risk of reporting cases of extortion to the concerned authorities. But even where such cases are reported, the convict is able to get away lightly and resumes his evil trade. Inadequate and half-hearted punishment acts as a direct encouragement to others of his ilk. The situation calls for corrective action at two levels. One, the punishment for those found indulging in graft should be stiffened and made really deterrent and two, courts should show no leniency to the corrupt and should award them the maximum punishment permissible under the law. Once the corrupt get to know that the
punishment their misdemeanor will attract is harsh and that it will be applied with full force if they are found out, they are sure to pause in their tracks. The society cannot get rid of corruption unless it goes about tackling the problem with the severity it deserves.â€™[13]

The hesitation of aggrieved parties to come forward can be better understood within the context of the prevailing psychological climate. In a highly corrupt society, the prevailing climate of authority is characterised by negligence, indifference, inefficiency, decadence and corruption. These

phenomena form a cluster, the mainspring of which is corruption. A generation which has been brought up under this climate is more inclined to tolerate it rather than to resist it. Short of a revolution, only the determination of the ruling class can effectively change this climate. What if the ruling class itself is corrupt or permissive of corruption?

In such a situation, the driving force is what I suggest we call â€˜collective outrageâ€™. The editorial of a well-known Indonesian daily, Kompas, commented on this suggestion and stressed the need for the entire society to develop a sense of shame and outrage with regard to injustice, corruption, negligence and inefficiency.14 If there is such a strong public opinion, an indifferent ruling class would be compelled to take notice of it and gradually imbibe it itself. At this stage of Asian history, the propagation of collective shame and outrage is crucial. The weakening of the sense of outrage is the effect of corruption.

The BMF Scandal

The absence of a forceful nationwide outrage is clearly evident in the affairs surrounding the BMF scandal, noted earlier. The circumstances to elicit a sense of outrage are there. The whole affair was so clearly fraudulent and crude that it would have easily awakened the sense of outrage. The Malaysian Prime Minister, Dr Mahathir Mohamad, called the BMF affair a betrayal of trust and a heinous crime.15 There are two aspects of the scandal that should awaken tidal outrage amongst the Malaysian public, as opposed to the mere reaction of the press and some politicians. One is the act itself, the RM2.5 billion scandal, and the other is the attitude towards the major participants of the scandal.16

The BMF Committee of Enquiry headed by Auditor-General Tan Sri Ahmad Noordin Zakaria describes the situation as follows: â€˜In our enquiry, we have come across several instances of irregularities, frauds, criminal breach of trust, theft, actions in complete disregard of honest commercial practice and contravention of several laws, in Malaysia and in Hong Kong, in respect of the administration and operations of BMF.â€™17 The Report urges criminal proceedings to be

taken against certain persons involved, including those in the parent company, Bank Bumiputra Malaysia Berhad.18 The Report recommends three special briefs to be submitted to the police in Kuala Lumpur and Hong Kong for further investigations. One of them, the first, has not been submitted to the police in Kuala Lumpur. The Hong Kong authorities have actively investigated the matters reported to them.19

On May 7, 1985, the Report suggests that criminal investigation be started by the Attorney General and, a police report lodged on the first series of loans amounting to US$292 million given by BMF (Hong Kong) to Plessey Investment Limited, a Hong Kong company with a paid-up capital of HK$2. The withdrawal and use of this amount, in the Reportâ€™s view, is tantamount to theft.20 A similar suggestion was made on November 20, 1986, referring to additional cases of fraud.21 On December 8, 1985, the same suggestion was made regarding yet other cases.22

However, these cases could have been unravelled earlier. An inspection team from Bank Negara (Central Bank) submitted its report on BMF (Hong Kong) on September 30, 1982. Here it listed certain unsatisfactory features in the operations of BMF.23 There was very heavy lending to two groups, the Carrian (HK$3.246 billion) and the Kevin Hsu (HK$0.755 billion), totalling HK$4.001 billion. This was 79.4 per cent of the entire loan portfolio of BMF then, which was HK$5.042 billion. This was definitely dangerous and undesirable.

It pointed out that the beneficial ownership of the Carrian Group was not entirely known. BMF (Hong Kong) showed it very special treatment with undesirable features, including window dressing of accounts. As a result of this special relationship, BMF liberally made available loans and advances amounting to HK$3.246 billion as at June 30, 1982. The bulk of these was granted on an unsecured basis. Then there was the mention of payments of consultancy fees to the directors of BMF and to the group chairman of BBMB in Kuala Lumpur. The enormity of the loans, the relaxed terms and lack of security, the consultancy fees, the window dressing of accounts, were all there. It should have made those with superior authority and responsibility burst with rage against

such doubtful loans and start a drastic action against the corrupt and manipulative elements. However, no such reaction has taken place.

Until now, no one has been criminally prosecuted despite the Reportâ€™s insistence that a crime has been committed. This is not the case in Hong Kong. However, four former BMF (Hong Kong) officialsâ€”the chairman, two directors and the general managerâ€”were sued in Kuala Lumpur by BBMB and BMF on January 10 last year. The companies claimed damages of US$17.5 million, which they alleged were loaned to two Carrian companies. According to BBMB and BMF, the four had by â€˜their own neglect, want of skill or misconduct in managementâ€™ caused the bank and BMF to suffer damage or loss of US$47.5 million.24 They were not criminally prosecuted. No warrant of arrest has been issued for any of them.

The strange thing is that the governmentâ€™s White Paper, cited earlier, lists the above affair under criminal action in Malaysia (Tindakan jenayah di Malaysia).25 Why it appears in court as a civil suit requires explanation but the White Paper is silent on this. On the contrary, the White Paper appears to distance itself from the Report. The impression is given that the White Paper is merely presenting the views of the Report without committing itself to these views. The presentation is done in the interest of the Prime Minister, the Deputy Prime Minister and the Minister of Trade and Industry and one or two others who
needed to clarify certain matters connected with their being mentioned in the Report.

The above impression is derived from the use of inverted commas in the White Paper when referring to the words â€˜prima facieâ€™.26 The reference to prima facie cases of corruption in the White Paper differs from similar references in the Report in the sense that the White Paper puts the words â€˜prima facieâ€™ within inverted commas, implying that it leaves the question open whether it is prima facie or not. The White Paper notes five reports for criminal action lodged by BBMB in Kuala Lumpur, three of which were in 1984. Dates for the other two are not mentioned. It is possible that the

government does not want to prejudge the issue, leaving it to the court to decide, but it has not been brought to court as a criminal offence. If the White Paper merely wants to present the Report as it is for the purpose of clarification, then the inverted commas should not be there since at any rate the term â€˜prima facieâ€™ is the suggestion of the Report, not the White Paper.

The BMF scandal is indeed a most alarming and revealing scandal. On February 1, 1986, at the National Front Youth Seminar on Politics, in Morib, Selangor, I suggested that Parliament should request the King to declare the BMF scandal a National Disaster (Bencana Negara).27 It is not only the loss of RM2.5 billion that is the issue here but the surrounding phenomena of decadence, indifference, inattentiveness, the absence of communication, and most alarming, the freedom exercised by the corrupt manipulators to operate at such a scale and for so long, a couple of years, with boldness and minimal intelligence. The things they did as revealed by the Report does not show much intelligence. It is not a highly sophisticated scheme to defraud, nor is it difficult to detect or prove. It is a crude and rapacious manipulation leaving traces all over the place.

The question is how such a crude and unsophisticated fraud on such a great scale could have been executed with all the freedom to the point that the Prime Minister was not aware of it. At that time, the Prime Minister was Tun Hussein Onn. After the exposure of the BMF scandal, he became, together with many others, very incensed by the whole affair. His remarks about the parent company, the BBMB, drew great attention. BBMBâ€™s lending policies (referring to the years before 1985), according to him, were just as bad as those of the BMF. As advisor of Petronas, the national oil company that bailed BBMB out, he was concerned about its domestic bad loans amounting to millions of ringgits. As a majority shareholder of BBMB, Petronas was interested in cleaning up BBMB through its new board of directors. He said: â€˜It is a standing joke in town that anyone who wants to become a millionaire can go to BBMB.â€™28 He referred to some malpractices by some of the bank officials.

It is clear from the above disclosure that the BMF scandal is only an exaggerated version of what has been going on in the parent company, the BBMB. The response to the scandal is interesting. While generally there is agreement that the culprits should be punished, there is a divergence of views as to how this should be done. Pronouncements from government circles have the tendency to create public anxiety and a sense of insecurity. A Royal Commission of Enquiry with powers to call witnesses was suggested by the leader of the opposition party, Mr Lim Kit Siang, and others, notably Tun Hussein Onn.

The government did not agree to setting up such a commission of enquiry. The Prime Minister, Dr Mahathir Mohamad, said that such a commission would be restricted in jurisdiction and could not have covered Hong Kong. Hence he preferred instead an internal committee of enquiry from the parent body, the BBMB.29 However, the committee did not have the power to summon witnesses and compel them to answer as would have been the case with a commission of enquiry.

It seems to me that the Prime Ministerâ€™s explanation regarding the lack of jurisdiction in Hong Kong, however true, should not preclude the commission of enquiry in Kuala Lumpur. Whether it is the present committee or a commission of enquiry, the fact remains the same, that it cannot operate effectively outside Malaysia. But it would have been much more effective if a commission of enquiry had set out to do the work which the committee has done, even though it was restricted to Malaysia.

Apart from this, there is another possibility against which the above argument does not hold. A Royal Commission of Enquiry could be set up on the parent body itself, the BBMB. After all, it was the BBMB that allowed the situation to prevail. As Tun Hussein Onn said, the condition in the BBMB was no better than in the BMF. Only the scale of the scandal was exaggerated. There are many scandals involving the BMF all over the country, of which the BMF (Hong Kong) scandal is the climax. The affliction is widespread and affects other areas as well. Professor Ungku Aziz, the Vice-Chancellor of the University of Malaya, for instance, vigorously complained

of the abuses in the cooperative movement. Many indulged in lending huge sums of money to their office-bearers. Leaders tended to manipulate the members who did not participate in the decision-making process. Their participation was limited to being taken to meetings in buses to applaud the directors. They were thus treated like goats and turkeys. 30

Corruption is not only rampant in the developing societies but has developed in scope and degree to the point of becoming a continuing calamity. The greatest damage done to society is the weakening of the will to fight it and the gradual acceptance of corruption as a way of life amongst those in power. The moral aversion against corruption is weak. In such a setting, official pronouncements can play a crucial role. Do they dampen the spirit or invigorate the will? In the case of the BMF scandal, official pronouncements tended to dampen the spirit. One thing is certain, the perpetrators of the crime were happy to hear them.

Time and again it was said that one was innocent until proven guilty, that the culprits could not be put to trial under Malaysian law, that it took time to obtain evidence that careful investigation had to be conducted and that the scandal should not be an occasion for a witch-hunt. While such ideas were public knowledge, the very fact that they were repeatedly emphasized in relation to the BMF scandal had the tendency to dampen the spirit and create anxiety that the public interest was not vigorously safeguarded. We shall not go into detail but suffice it to say that the public requires a continuing stream of information of the kind that enhances the morale. Some instances are relevant.

Tan Sri Ahmad Noordin stated that 350 of the 900 government firms have been continuously losing money amounting to millions for years. He was commenting on Finance Minister Daim Zainuddinâ€™s call that chief executives and directors of failed government companies and statutory bodies resign voluntarily.31 The practice of retaining useless directors should be stopped. In Sabah, Deputy Chief Minister Ahmad Baharom Kitingan revealed the rampant abuse of funds in local authorities throughout the state, amounting to something possibly staggering.32

Mr Anwar Ibrahim, president of UMNO Youth and currently Minister of Education, has several times voiced his concern regarding corruption and inefficiency. Both within the government and the opposition, the subject of corruption has been given attention but the crucial factor is what the government does. Pronouncements against corruption have been made all along, including many by those who are corrupt. Despite such pronouncements, we know that corruption in the developing societies has continued to grow. This phenomenon requires explanation. Amongst the most decisive causes is the nature of leadership. Earlier, we alluded to the moral quality of leadership as a crucial factor. You cannot expect a corrupt leadership to wipe out corruption. However, there are other factors besides moral quality that could impede the successful effort against corruption. These are a weakness in the leadership and an inability to perceive problems.

Leadership and Role of the Press

There have been instances in history where a leader was personally not corrupt but was surrounded by corrupt supporters. Such a leader is worse than a corrupt one from the point of view of eliminating corruption. His historical function is to act as a shield and deflector. Due to his presence, the semblance of a clean government is projected, thereby deflecting the polluting rays of corruption emanating from the government of which he is head. His presence creates a false sense of security. Sooner or later, he will be succeeded by a corrupt leader. He does not attract public resentment because he is not corrupt while at the same time the corrupt operate freely during the period of his leadership. Such a leader is either weak or
opportunistic. Hence the presence of weak leaders who are not corrupt in a thoroughly corrupt set-up by no means mitigates against corruption.

The perception of the problem by the leadership, if it is not accurate, can also act as an impediment to the eradication of corruption. Third World countries seriously affected by corruption are in a position to provide institutional safeguards against it but the will to do so is lacking. Two examples are the introductions of the Ombudsman as in Pakistan and the

vigilance committee as in India. The question of their effectiveness does not arise. At least they can keep the effort alive. If we argue on the principle of effectiveness alone, then so many other measures would have to be given up. The eradication of poverty, the attainment of optimum employment, the control of population growth, the raising of the general standard of living have all lacked effectiveness. Yet we do not say â€˜stop tryingâ€™. The same holds for corruption.

Four months before the BMF Committee of Enquiry was formed, I suggested in a dialogue session on The Problems of Corruption throughout History, with members of the press in Johore Bahru, on September 11, 1983, that the Anti-Corruption Agency in Malaysia should publish an annual report for the public. By so doing, the public would have more confidence in the agency. Apart from this, it was also suggested that the Malaysian government set up a vigilance committee empowered to investigate and keep tabs on corruption in different government agencies, departments and ministries. Such a committee has been in operation in India for more than a decade. Similarly, the Anti-Corruption Agency in Hong Kong has been publishing its annual report for years.33

Measures such as those proposed above should not be taken in isolation of the entire context of the situation. It is like eradicating the plague. Everything about it has to be known and everything against it has to be done. The total approach in the struggle against corruption is the only promising one. Here the press has a vital role in keeping the memory alive and the spirit burning. But a more analytic and investigative spirit is required than the mere publication of news items. Follow-up stories should be written as much as possible.

One instance is fresh in my mind. In April 1986, a dam in Sri Lanka burst, killing at least 100 people, inundating dozens of villages. At least 30,000 people were made homeless when water from the Kantalai reservoir, 230 km from Colombo, rushed through the cracks in the dam. According to radio reports, 10,000 houses were destroyed. The interesting thing is that this disaster reveals the degree of negligence surrounding the security of the dam. Weeks before it happened residents

had complained that the dam was in danger of bursting.34 It would have been much more desirable if such news was followed by further investigative reporting. Certain questions could be raised. Was corruption involved in the construction of the dam? Was the lack of attention a result of low morale brought about by a corrupt and decadent climate? We have stressed the vital and positive role of the press against corruption. For the press to be really effective, we need the freedom of expression and journalists such as Lincoln Steffens, the father of the modern American resistance against corruption, who died in 1936. His books and articles did a great deal to awaken resistance against corruption.35 However, even in this area, you have the supporters of corrupt regimes or those with a permissive attitude towards corruption. The level of morality in the psyche varies with different journalists as it does with different people. This attitude appears in their writings and at times it can be obstructive.

It is a well-known and accepted fact that the past regime of President Ferdinand Marcos of the Philippines was riddled with corruption at an unprecedented scale. Disclosures of such corruption spread all over the world. At the time when the new popular government of Mrs Corazon Aquino was beginning to grapple with the situation, an editorial review of The Asian Wall Street Journal did something which would make the corrupt happy. It started to cast doubts on the efficacy of Mrs Aquinoâ€™s measures. This was what it said: â€˜Everyone seems haunted by old ghosts in Manila these days. The hunt for Mr Marcosâ€™s â€œhidden wealthâ€ , and Imeldaâ€™s hidden closets, has become voyeuresque. Reports in the Manila papers hint darkly that Mr Marcos is manipulating his former allies with phone calls from Hawaii, perhaps plotting a return. Mrs Aquino has also frozen the assets of suspected Marcos croniesâ€”a blow to the property rights that will be crucial to any economic recovery, even if some of that wealth was obtained through corruption.â€™36

The Asian Wall Street Journal is to be credited for its interest in highlighting corruption in its numerous informative articles. But this particular editorial is incongruous with its general trend of criticising corrupt regimes. Those who had amassed

property through corruption would be very pleased with such an editorial. The editorial does not understand that it is corruption that sabotaged the economic recovery of the Philippines during the Marcos era. Freezing the assets of corrupt individuals is one of those measures necessary to recover what is lost through corruption. Instead of getting support for her attempts, Mrs Aquino received what amounted to a ridicule.

On Manâ€™s Inhumanity

The degree of dehumanisation effected by corruption in Third World countries is so astounding that any attempt to resist it should get maximum response. The cluster phenomenon of corruption, that is, its interweaving with other negative elements earlier mentioned such as negligence, lethargy, inefficiency and callous disregard for human suffering, would make exaggerated concern for issues such as property rights a triviality. As we have noted earlier in the book, it is the totality of the phenomenon that we should consider, the totality of its inhuman effects. It is not only human society that becomes its victim, the natural environment is also affected.

A case in point is the unprecedented Indonesian forest fires that occurred during the late 1982 and early 1983. Wildfires devastated 3.5 million hectares of land in East Kalimantan, an area 56 times the size of Singapore and roughly the size of the island of Taiwan. Billions of dollars were lost and the livelihood of thousands was threatened. There were several causes of the fire, direct and indirect, and corruption was one of them. The wildfires originated around drought-stricken areas from small agricultural settlements. Indiscriminate logging with its deadwood residue created attractive paths for wildfires. Enforcement of the selective logging system was inadequate.37 Here corruption played a role.

As we have indicated earlier, corruption forms a cluster with other negative elements such as negligence, inefficiency, callousness and lack of human feeling. I would like to end this discussion with some recent examples from Pakistan. In February 1986, three bereaved parents sent an appeal to the President of Pakistan in connection with the disappearance of

their three sons, who had been sent by an auditing firm from Lahore to Rawalpindi. They left on November 14, 1985, and on December 2, 1985, the parents learned that their boys were supposed to have travelled in a bus that plunged into the River Indus on December 1, 1985. The bus was retrieved on December 14, but the bodies of the bus driver and the three boys were not found. Those of 26 other passengers were.

The parents wrote 27 letters to the President, seven to the Prime Minister, six to the Governor of the Punjab, four to the Chief Minister of the Punjab, three each to the Ministers of Justice and Parliamentary Affairs, Minister for Northern Areas and the Speaker of the National Assembly, two each to the Commander-in-Chief, Pakistan Army, and the previous Railways Minister. All these 56 letters were not even acknowledged except one to the Speaker of the National Assembly.38 Such absence of sympathy and compassion on the side of the authority was glaring. In a corrupt-ridden society, sympathy and compassion are not powerful considerations.

Another instance, this time directly connected with corruption, was the suicide of an elderly couple in Lahore, an 85-year-old man and his 70-year-old wife, on the night of July 30, 1986. Apparently they committed suicide after suffering four days of police treatment. They were asked to raise Rs.7,000 for the release of their son from custody, or have their daughters locked up at the police station. Later, thousands demonstrated in sympathy for the elderly couple.39

Prime Minister Mohammad Khan Junejo took a serious view of the harassment and illegal detention of relatives of political workers wanted by the police. During a press conference at the Lahore airport on August 24, 1986, he was informed that the police did not allow a political worker to attend the funeral of his infant son in Lahore recently.40

There was also the case of an innocent man hanged to death for a murder he did not commit. Before dying, the victim who had been attacked at dusk, visualised in his mind the assailant. The man, with twelve others, was arrested. In the process, the investigating officer summoned every able-bodied man in the

village and extorted money from them. The accused was hanged. The lawyer engaged in the defence of some of the accused was visited by an old client one evening while the preliminary enquiry was going on, together with a young man. â€˜He disclosed that the young fellow had actually killed the man with his spear but the deceased was obsessed with â€œXâ€ whom he had named as the assailant.â€™41

The founder of Pakistan, Mohammad Ali Jinnah, in his first presidential address to Pakistanâ€™s Constituent Assembly on August 12, 1947, stressed that one of the biggest problems from which the country was suffering was bribery and corruption, which must be put down with an iron hand.42 Throughout history, voices have been raised against corruption. The great Muslim theologian and philosopher, Abu Hamid al-Ghazzali (1058-1111 AD) dwelled upon corruption in several of his letters to several prime ministers of his state, under the Seljuq dynasty. In one addressed to Mujiruddin, he said: â€˜As soon as possible and so far as it lies within your power, you should spare no pains to ensure that corruption, nepotism, injustice, bribery, cruelty and other ills are completely wiped out. The people are the glory of our kingdom and the source of its wealth. You do not know the present state of their finance. You can have no idea of an anarchy that exists in this part of the country. The corrupt revenue officials exploit the ignorant masses for their own profit and do not credit the amount of taxes and other government dues (charged at exorbitant rates) into the government treasury. Think upon your subjects, broken in body and groaning under poverty and hunger. Their limbs tremble under them. Long anxiety has reduced them to a skeleton, while you are leading a life of luxury and indifference.â€™43

More resounding was the warning of Sari Mehmed Pasha, a Treasurer of the Ottoman Empire, who was executed in 1717 as a victim of intrigue. He said: â€˜Bribery is the beginning and root of all illegality and tyranny, the source and fountain of every sort of disturbance and sedition, the most vast of evils and greatest of calamities. It is the mine of corruption than which there is nothing whatever more calamitous to the people

of Islam or more destructive to the foundations of religion and government. Than this there is no more powerful engine of injustice and cruelty, for bribery destroys both faith and state.â€™44

There is no lack of judgment against corruption in the past. The ravages of corruption have been known all along. The historical settings differ but the serious effects remain, expressing themselves in various manifestations. The cluster effect is the most serious and persistent. Not only is there immediate damage, but the accompanying phenomena of negligence, inefficiency, indolence and low morale, interwoven with the process of corruption, have persisted throughout the ages. To break this trend is the task of the present and succeeding generations of those concerned with the well-being and future of human society. As to the corrupt, they care not for any lofty ideal.

1. The Pakistan Times Overseas Weekly (TPTOW), December 22, 1985, Lahore.

2. TPTOW, â€˜Rooting Out Corruptionâ€™, p. 2, January 12, 1986, Lahore.

3. Ibid., p. 2. The Wafaqi Mohtasib is the Pakistani term for Ombudsman.

4. TPTOW, â€˜Cancer of Corruptionâ€™, p. 2, September 29, 1985, Lahore.

5. Ibid., p. 2.

6. Ibid., p. 2.

7. TPTOW, â€˜Roots of Corruptionâ€™, p. 2, March 2, 1986, Lahore.

8. Ibid., p. 2

9. TPTOW, p. 15, April 7, 1985, Lahore.

10. Ibid., p. 15.

11. Mohammad Idrees, â€˜Letâ€™s Extend Mohtasibâ€™s Jurisdictionâ€™, TPTOW, p. 4, June 24, 1984, Lahore.

12. Quoted in Mohammad Idrees, â€˜Let All Patriots Help the Mohtasibâ€™, TPTOW, p. 4, June 17, 1984.

13. TPTOW5, p. 5, June 10, 1984.

14. Kompas, September 29, 1983, Jakarta. See also that of September 28, 1983.

15. The Star, October 17, 1983, Kuala Lumpur.

16. On the entire affair, see Appendix A.

17. BMF Committee of Enquiry Final Report, vol. 2, p. 938. op. cit.

18. Op. cit., p. 938.

19. Ibid., p. 939.

20. Special Brief, p. 242. BBMB, Kuala Lumpur, 1986.

21. Special Brief, Part 2, p. 373. BBMB, Kuala Lumpur, 1986.

22. Special Brief, Part 3, p. 332.

23. BMF Committee of Enquiry Final Report, vol. 1, pp. 421-425.

24. The Straits Times, May 17, 1986, Singapore.

25. Op. cit., Lampiran IV (a). Appendix IV (a).

26. Ibid., Lampiran IV (a), (b) and Lampiran V (a).

27. Syed Hussein Alatas, â€˜Ke Arah Integrasi Nasionalâ€™, Kertas Kerja (Working Paper), Khemah Kerja Politik Barisan Nasional, February 1-3, 1986. Morib, Selangor.

28. New Straits Times, January 8, 1985, Kuala Lumpur. Tun Hussein Onn came to know of the scandal through the press. See this issue.

29. Malaysian Digest, vol. 15, no. 1, January 15, 1984, Kuala Lumpur. On Mr Limâ€™s views, see his The BMF Scandal, Petaling Jaya, 1983. Speech in Parliament, October 24, 1983.

30. The Star, June 17, 1986, Kuala Lumpur. See p. 11 the report on his speech at a cooperative seminar.

31. The Star, June 27, 1986, Kuala Lumpur.

32. The New Straits Times, June 28, 1986, Kuala Lumpur.

33. The New Straits Times, September 12, 1983; The Star, September 12, 1983; Utusan Malaysia, September 12, 1983. See also Appendix B.

34. The Straits Times, April 22, 1986. Singapore.

35. On his life, see Justin Kaplan, Lincoln Steffens. Jonathan Cape, London, 1975.

36. The Asian Wall Street Journal, March 31, 1986. Italics are mine.

37. On this, see â€˜Wound in the Worldâ€™, Asiaweek, July 13, 1984. Hong Kong.

38. Mohd. Idrees, â€˜The Case of the Missing Auditorsâ€™, TPTOW, p. 4, August 3, 1986.

39. Mohd. Idrees, â€˜The System that Failed the Suicide Coupleâ€™, TPTOW, p. 12, August 10, 1986.

40. TPTOW, August 31, 1986.

41. TPTOW, August 31, 1986. See Editorâ€™s Mail, p. 2.

42. Ibid.

43. Abdul Qayyum, Letters of Al-Ghazzali, p. 97. Islamic Publications, Lahore, 1976.

44. Sari Mehmed Pasha, Ottoman Statecraft, p. 88. Tr. W.L. Wright. Princeton University Press, Princeton, 1936.

Appendix A

White Paper on What Led to the Scandal

The White Paper on the Bumiputra Malaysia Finance (BMF) affair said fraud, malpractice and shortcomings in supervision and control led to the RM2.5 billion loans scandal.

It said the scandal resulted from malpractice, mismanagement, and neglect to adhere to banking procedures on the part of members of the board of directors as well as senior officials of Bank Bumiputra Malaysia Berhad (BBMB) and BMF who were motivated by self-interest.

The paper outlined incidents of fraud and manipulation which took place between December 19, 1979, and October 12, 1982, by members of the board and officials of BMF who were in league with the Carrian Group and those connected with George Tan.

These incidents included a so-called â€˜concerted planâ€™ involving loans totalling US$292 million (about RM2.136 billion) to Carrian-owned companies for the purpose of speculation in the stock market and in real estate.

The paper, tabled in Dewan Rakyat yesterday, said the loans were approved as market and/or term loans to conceal their real purpose.

They were given out to companies that had not been formed and to those with a paid-up capital of only HK$2 (60 sen). They were also granted without official approval of the board of directors, by verbal approval, and to companies closely linked to the members of the board of directors and/or BMF officials.

The paper said the BMF Committee of Enquiry which was headed by Auditor-General Tan Sri Ahmad Noordin Zakaria regarded these incidents to be prompted by intention to defraud.

It also listed 15 incidents of malpractice and/or deviation from normal and prudent banking practices accepted by the banking community.

Among such malpractices the committee uncovered was the existence of a â€˜retirement fundâ€™ for BMF local staff in Hong Kong with a gift of two million Carrian Investment Ltd shares from George Tan.

Members of the board of directors, the management and BMF staff all profited from their relationship with the Carrian Group.

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Among the malpractices which occurred were approval of loans without a complete credit analysis, approval before any application was made, approval to yet-to-be formed companies

and approval of large sums to companies with a paid-up capital of only HK$2 (60 sen).

Other malpractices were:

â€¢ Loans and advances approved without proper or adequate collateral;

â€¢ Loans approved based on collateral in the form of post-dated cheques;

â€¢ Loans approved as money market loans to non-financial institutions to conceal their real purpose;

â€¢ Acceptance of a personal guarantee from George Tan for US$500 million (about RM1.225 billion) without an analysis of the net worth of his assets; and

â€¢ Names of borrowers changed without permission.

BMF was also said to have submitted a report saying loans to the Carrian Group had been reduced, whereas this was not true. In fact, the loans were transferred to companies outside the group but which were connected to it.

On the weaknesses in supervision and control by BBMB, the paper said several members of the BBMB board of directors and management had obstructed efforts to impose effective supervisory and regulatory measures on BMF.

It said they did this out of self-interest as they were also members of the BMF board of directors.

This was carried further when they were also appointed to the supervisory committee and consequently the malpractices and activities of the BMF board of directors continued without any restriction.

(Extract of an article which appeared in the New Straits Times, March 12, 1986, Kuala Lumpur.)

Appendix A

Appendix B

Laws Alone â€˜Cannot Curb Mismanagementâ€™

Kuala Lumpur, Wed.â€”The Bumiputra Malaysia Finance (BMF) Committee of Enquiry said in its final report that legal controls do not in themselves ensure a healthy business climate and public confidence in corporate management.

It described personal quality and integrity of people entrusted with the responsibility of controlling and managing corporations on behalf of the shareholders and depositors as even more important.

Constant attention should also be given to the need for ensuring that adequate checks and balances, particularly in the banking industry, were carried out, the report said.

â€˜Any system of internal control in existence needs to be reviewed from time to time to ensure that it works in practice,â€™ it added.

The committee noted that in recent years, various amendments had been made to the Banking Act and the Companies Act in an effort to inculcate a higher sense of discipline, standard of accountability and public morality in corporate business and banking.

â€˜These amendments may have been influenced to a large extent by the lessons learnt from the BMF scandal and other business failures due to mismanagement and abuse of powers,â€™ the committee said.

The committee said that when wrongdoings were discovered, firm and positive action should be taken to remedy the situation.

â€˜Those responsible should be removed from positions of management and not be permitted to continue, as in the case of the BMF.â€™

The committee said irregularities and crimes, such as those it had recounted, occurred because of failings in the system or in the individuals who operated it.

â€˜We do not consider that there were failings in the Malaysian banking system. Conventional banking procedures and controls existed and were generally used satisfactorily by those concerned.â€™

But, it added, in the cases reported by the committee, the individuals involvedâ€”including some at the very top of the systemâ€”had failed to take the appropriate control measures when they discovered at least a part of what was going wrong.â€”Bernama.

(An article which appeared in The Straits Times, March 13, 1986, Singapore.)

Appendix B

Appendix C

â€˜Halt Graft with Vigilance Groupâ€™

Johore Baru, Sunâ€”The government has been urged to set up a vigilance committee empowered to investigate and keep tabs on corruption in the different government agencies, departments and ministries.

Such a high-powered committee, comprising retired people like judges and other dedicated public servants, will be an effective watchdog for the government in its fight against corruption in the country.

Speaking to reporters during a dialogue session on the Problems of Corruption Throughout History, the head of Malay Studies at the Singapore National University, Prof. Syed Hussein Alatas, said the other factor was a need for the Anti-Corruption Agency to put up an annual report on its activities, including its size, budget, manpower.

â€˜By doing so the public would have more confidence in the agency and subsequently be willing to come forward to help the agency fight corruption more effectively,â€™ he said.

Prof. Syed Hussein who returned recently after a one-year fellowship at the International Centre for Scholars, Woodrow Wilson Centre Smithsonian Institution in Washington, D.C., said in his research on corruption, he found these two factors missing in our governmentâ€™s fight against corruption.

â€˜The Indian government, due to the extent of corruption in that country, set up a vigilance committee about 10 years ago to alert the government on corrupt practices.

â€˜Our government too can do it, and once it is done, the public will feel the government shows concern, but the committee mustnâ€™t be turned into a political gimmick,â€™ he said.

He said the committee could comprise about 10 high calibre persons, and have access to all government departments, agencies and the likeâ€”just like the Accountant-Generalâ€™s Department.

Prof. Syed Hussein further contended that the committee, by virtue of its role, would be in a better position to introduce institutional safeguards and other preventive measures so that in stages, the growth of corruption could be prevented.

â€˜As the committeeâ€™s functions and role will be routine, there will be no reason for any ministry, department or statutory body to feel slighted or embarrassed,â€™ he said, adding that the existence of the committee would be more of a â€˜deterrentâ€™ to all.

â€˜While the ACA is doing a fine job, its role is confined more to investigations and prosecuting but it is not able to introduce preventive measures against corruption,â€™ he said.

He pointed out that the public could also help the committee by writing in about corrupt practices or other problems they might have encountered.

On the need for ACA to prepare annual reports, made available to the public, Prof. Syed Hussein said this was being done in Hong Kong.

â€˜We are not expecting an identification but at least we, the public, will be in a position to know whatâ€™s going on.â€™

He said at the moment, the public was not given a clear picture of what the ACA was doing other than occasional reports in the newspapers about investigations and arrests.

â€˜Itâ€™s like a patient who is not informed about his disease by the doctorâ€”the public must be told what the ACA has

done for the whole year, its shortcomings, problems and difficulties,â€™ he said.

(Extract of an article which appeared in the New Straits Times, September 12, 1983, Kuala Lumpur.)

Appendix C

Appendix D

Moral Awakening Needed to End Corruption in Asia

No society can be completely free of petty, isolated corruption. But that isnâ€™t a crucial problem. The real concern must be about â€˜tidalâ€™ corruption that floods the entire state apparatus, including those at the centre of power. Like a tide, this practice rises to immerse everything in its path.

This tidal corruption multiplies the number of perpetrators of the illegal practice more rapidly than other types of criminal behaviour. By so doing it increases the dangerous and unhealthy elements of society at a pace too fast to be controlled by the forces of law. More and more people become criminals. It paralyses the administrative machinery and dampens the enthusiasm of sincere and capable public officials. And it can lead to serious neglect of the peopleâ€™s welfare.

Ultimately, widespread corruption will spark bitterness that can result in a crisis or even revolution and civil war.

Often tidal corruption starts among the top officials and businessmen. As prices rise and administration becomes chaotic, lower ranking government officials adopt the practice in an effort to maintain their livelihood. So the economic difficulties for the lower officials and their subsequent involvement in corruption are caused by the corruption that starts at the top. It is sometimes argued that businessmen have to get involved in corruption in Asia because itâ€™s the only way to get anything done. But if a shop was to try to operate in a street controlled by an extortion syndicate, few of these

businessmen would argue that extortion should be paid, even though it had become a condition for the shop to function.

Certainly, corruption can favour an individual business that profits from it. But its influence on business as a whole is deleterious. For each who benefits, there are hundreds who suffer. In a corrupt business environment, competition no longer is based on quality, efficiency of other market influences so that the economy becomes increasingly distorted.

The billions of dollars drained off by corruption in recent years could have been used for legitimate government and business purposes. More honest administrative and business communities could have greatly enhanced productivity and effectiveness.

Governments, of course, can act against corruption with proper laws and enforcement agencies. Sources of corruption in the administration can be identified. Administrative practices that tend to breed corruption, such as those that create bottlenecks, long queues for permits and systems of tenders with loopholes for corruption can be reformed.

But that isnâ€™t adequate. The other method to combat tidal corruption is the generation of a counter-tidal wave against corruption. This approach involves the rise of a powerful anti-corruption mentality among the public to such an extent that it sways the government. It is the only approach that can offer real hope in Asia. Relying on government-initiated action is unlikely to succeed for the simple reason that it presupposes the existence of the powerful will of an honest government. Such a government, as a collectivity, rarely can be found in Asia. Indeed this programmatic method of preventing corruption has largely failed in many Third World countries, including those in West, South and South-east Asia.

Some leaders of state arenâ€™t personally corrupt but they tolerate the corruption surrounding them. Their pillars of power are corrupt party stalwarts. These governments sometimes have anti-corruption units that have themselves become sources of corruption. In some countries these units function as window dressing, tracking down minor cases of

corruption, or they serve as a political tool to discredit threatening rivals in the power struggle. Often also they have no independent status but are controlled by the group in power.

So the crucial changes that are needed go further than just changes in personalities and parties in power. These changes require a tremendous effort, preceded by a profound moral awakening, imbued with an ideal of excellence and moved by a sense of shame at the poverty, exploitation, callousness and moral ambiguity that now prevail in much of Asia.

(Extract of an article by Prof. Syed Hussein Alatas in The Asian Wall Street Journal, February 25, 1981, Hong Kong.)

Appendix D

Appendix E

There is no dearth of talk about corruption which, no doubt, exists. However, it may be noted that the real victim of corruption is often the government itself. Both the corrupter and the corrupted benefit from this nefarious practice. Understandably the beneficiaries are reluctant to lodge complaints which partly explains why only a small number of concrete complaints have been made about corruption. It would be interesting to observe that in the majority of cases where allegations of corruption have been levelled, we have not been receiving any reply on return call for confirmation.

There is no doubt whatsoever about the compulsive need to excise the cancer of corruption from our society. The phenomenon of bureaucratic corruption has been existing for a long time. To hope for its complete elimination overnight would be, however, idealistic. A pragmatic approach is, therefore, indicated concentrating in the first instance on reducing the incidence and arresting the trends of corruption.

The improvement of governmental procedures, in this connection, among other things, would go a long way in improving the situation. Adoption of scientific management-

methods including computerisation can prove quite helpful. A very high priority needs to be accorded to avoidance of administrative delays which indeed constitutes the main source of corruption.

(An extract from Wafaqi Mohtasib (Ombudsman) Sardar Muhammad Iqbalâ€™s Annual Report for 1983. Government of Pakistan.)

Appendix E

Appendix F

Corruption is an evil which should be fought by all of us. It is a cancer which can be excised only by the efforts of every member of the society. For any penny which is paid, there is one who gives and one who takes. To be candid, I have seen that many people talk about corruption but never, for their own reasons, try to make an earnest effort to fight it. Corruption, in many cases, has become a participatory venture where both the giver and the taker benefit. The only loser is the state. Unless one learns to sacrifice narrow interests and wage a crusade against corruption, this evil will not only persist but will assume progressively alarming proportions.

Of course most of us do not want to be accessory to this nefarious practice. We should, therefore, resist the extortionist demands of the dishonest public servants. The best way to fight corruption as well as other forms of injustice is not to keep silent but to bring such cases boldly and fearlessly to the notice of the concerned authorities. One may say that this is easier said than done; that complaining might invite further odium of the powers-that-be; that wrath or vengefulness on the part of the agencies could mar the very future of the complaining citizens. There would be some truth in that. But there is also truth in the fact that no error or wrong can be rectified unless people fearlessly seek its redressal.

There have been many efforts to study the phenomenon of bureaucratic corruption. A plethora of committees and commissions had been given the task to identify its causes and suggest remedies. A bewildering variety of institutions have been set up from time to time for eradication of corruption. Notwithstanding all these endeavours, the incidence of corrupt practices has been increasing. It is true that corruption can only be eradicated through a comprehensive strategy covering various facetsâ€”social, economic and administrative. But I feel that in our preoccupation with the grand strategy and design, we have not been able to make much progress on the ground. This is so because a large number of elements are involved in the process. It is exceedingly difficult to implement various components of the strategy at the right time and with the right speed.

My advice is that along with thinking out comprehensive solutions, we may start with only one concrete measure, namely, making our government officers accessible to the people. The government functionaries should make it a point to open their offices to the people every day without exception and should also maintain an effective liaison with their subordinate staff. Meeting with people will keep the senior officers constantly aware of grievances of the citizen. It will make possible for them to take immediate action and give directions. This should prove very efficacious in regard to matters on which the subordinate functionaries would be sitting on files for corrupt motives. It is my considered view that accessibility alone will bring about a minor revolution. But accessibility will have to be ensured in actual fact, on the ground. It would mean an officer spending half an hour or so daily in meeting with the aggrieved citizens. One possible reaction is that the time for this purpose is not available and important government work would suffer. It should be, however, realised that the most important work of the government is to satisfy the citizens. The government exists for the people and not vice versa. This daily expenditure of time is very small a cost to pay for ensuring probity and responsiveness of the governmental machinery.

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Corruption is one of the many causes of injustice. It is a significant factor but it is not the sole element underlying administrative injustice. Till the establishment of the institution of Ombudsman in Pakistan, injustice perpetrated through causes other than corruption received scant attention. No grievance redressal mechanism (save courts operating under jurisdictional and operational constraints) existed in respect of acts which were arbitrary, unreasonable, biased, unfair, discriminatory and negligent. Similarly, cases of delay, inattention, incompetence, inefficiency, ineptitude, improper exercise of discretion and arrogance were not open to the scrutiny of any independent organisation. Attempts were only made, though without any marked success, to look into cases of injustice stemming from corruption. But the accent in the process was on apprehending and punishing the guilty functionaries. Redressal of the citizenâ€™s grievance was only secondary and incidental. This state of affairs left the citizen, to a large measure, defenceless against administrative injustice. The setting up of the institution of Ombudsman thus removed a critical institutional gap.

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Taking all those facts into consideration, the increasing menace of bureaucratic corruption has convinced me about the need for a more active role by the institution of Ombudsman. This would involve imparting a new dimension to our conceptual and operational framework and would represent a point of departure from the functions of the Ombudsman performed elsewhere in the world. I have desisted from making this proposal earlier as I wanted to consolidate our core function of grievance-redressal. Now a stage has come for making a qualitative change in the role of this institution. I recommend that all the Anti-Corruption Agencies of the Federal Government may be placed under the direct supervision and operational command of the Wafaqi Mohtasib. The major reason for the failure of these agencies has been their lack of operational independence of the executive. This institution with its changed role will have to be given additional staff and resources so that attention commensurate to the importance of this aspect of work can be given. Anti-

corruption operations under this scheme will be carried on in a coordinated manner without any fear or favour under the supervision and control of the Mohtasibâ€”a functionary truly independent of the executive. The process of eradication of corruption will not only be characterised by impartiality but will also enjoy public confidence which is indeed a crucial ingredient for success.

(Extracts from the Wafaqi Mohtasib (Ombudsman) Sardar Muhammad Iqbalâ€™s Annual Report for 1985. Government of Pakistan.)

Appendix F

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